

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Liu Chong Hing Investment Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 00194)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board of Directors of Liu Chong Hing Investment Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3		
Contracts with customers		179,995	214,709
Rental income		156,949	149,023
Interest and dividend income		39,832	26,084
		376,776	389,816
Direct costs		(145,369)	(154,343)
		231,407	235,473
Other income		16,894	5,267
Administrative and operating expenses		(131,700)	(113,844)
Other gains and losses		27,395	138,617
Finance costs		(19,409)	(11,695)
Share of results of joint ventures		4,387	6,401
Profit before tax		128,974	260,219
Income tax expense	4	(9,635)	(22,878)
Profit for the period		119,339	237,341
Profit (loss) for the period attributable to:			
Owners of the Company		119,497	232,673
Non-controlling interests		(158)	4,668
		119,339	237,341
Basic earnings per share	5	HK\$0.32	HK\$0.61

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit for the period	<u>119,339</u>	<u>237,341</u>
Other comprehensive (expense) income		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	(16,355)	190,369
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(236,818)	32,812
Share of other comprehensive expense of joint ventures	(3,789)	<u>(2,695)</u>
Other comprehensive (expense) income for the period (net of tax)	(256,962)	<u>220,486</u>
Total comprehensive (expense) income for the period	<u>(137,623)</u>	<u>457,827</u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	(127,191)	450,610
Non-controlling interests	(10,432)	<u>7,217</u>
	<u>(137,623)</u>	<u>457,827</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	30 June	31 December
	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Non-current assets		
Investment properties	9,471,600	9,525,573
Property, plant and equipment	1,853,290	1,918,134
Right-of-use assets	3,929	5,629
Interests in joint ventures	683,664	429,555
Equity instruments at FVTOCI	287,479	304,639
Deferred tax assets	18,414	18,414
	<u>12,318,376</u>	<u>12,201,944</u>
Current assets		
Properties under development for sale	1,359,866	1,313,819
Properties held for sale	418,142	471,334
Inventories	40,514	35,561
Trade and other receivables	151,139	135,526
Financial assets at fair value through profit or loss (“FVTPL”)	18,650	17,620
Fixed bank deposits with more than three months to maturity when raised	102,031	132,449
Bank balances and cash	1,726,506	1,875,619
	<u>3,816,848</u>	<u>3,981,928</u>
Current liabilities		
Trade and other payables	402,089	458,154
Lease liabilities	3,048	3,253
Contract liabilities	6,293	9,693
Borrowings — due within one year	865,028	563,845
Taxation payable	179,981	186,570
	<u>1,456,439</u>	<u>1,221,515</u>
Net current assets	<u>2,360,409</u>	<u>2,760,413</u>
Total assets less current liabilities	<u>14,678,785</u>	<u>14,962,357</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

AS AT 30 JUNE 2022

		30 June	31 December
		2022	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Non-current liabilities			
Other payables	8	105,773	107,146
Lease liabilities		1,130	2,663
Borrowings — due after one year		1,266,074	1,295,377
Deferred tax liabilities		315,023	322,760
		<u>1,688,000</u>	<u>1,727,946</u>
		<u>12,990,785</u>	<u>13,234,411</u>
Equity			
Share capital		381,535	381,535
Reserves		12,531,975	12,765,169
Equity attributable to:			
Owners of the Company		12,913,510	13,146,704
Non-controlling interests		77,275	87,707
		<u>12,990,785</u>	<u>13,234,411</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 condensed consolidated financial statements are presented in Hong Kong Dollars, which is also the functional currency of the Company.

The financial information relating to the year ended 31 December 2021 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 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (the “Companies Ordinance”).

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and agenda decisions of the International Financial Reporting Standards Interpretations Committee of the International Accounting Standards Board, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

Application of amendments to 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 Group's annual periods beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendment to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs and the agenda decisions 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.

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. During current period, the CODM identified a new hotel segment located in Thailand which is aggregated in hotel operation segment. No other operating segment identified by the CODM has been aggregated in arriving at the reportable segment of the Group.

Specifically, the Group's 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

Segment revenue and results

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

	Property investment	Property development	Property management	Treasury investment	Trading and manufacturing	Hotel operation	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended									
30 June 2022									
Segment revenue	160,208	42,580	20,494	39,832	44,088	81,185	388,387	(11,611)	376,776
Comprising:									
— revenue from customers	156,949	42,580	12,523	39,832	44,088	80,804			
— inter-segment transactions (<i>note</i>)	3,259	-	7,971	-	-	381			
Operating expenses	(65,157)	(31,087)	(14,628)	(19,249)	(41,565)	(100,100)	(271,786)	11,611	(260,175)
Gain on changes in fair value of investment properties	89,948	-	-	-	-	-	89,948	-	89,948
Gain on changes in fair value of financial assets at FVTPL	-	-	-	1,030	-	-	1,030	-	1,030
Loss on disposal of property, plant and equipment	-	-	-	-	(43)	(452)	(495)	-	(495)
Net exchange gains (losses)	243	(20,257)	253	(36,846)	-	(6,481)	(63,088)	-	(63,088)
Segment profit (loss)	<u>185,242</u>	<u>(8,764)</u>	<u>6,119</u>	<u>(15,233)</u>	<u>2,480</u>	<u>(25,848)</u>	<u>143,996</u>	<u>-</u>	<u>143,996</u>
Share of results of joint ventures									4,387
Finance costs									<u>(19,409)</u>
Profit before tax									<u>128,974</u>

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

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

	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 six months ended									
30 June 2021									
Segment revenue	152,361	113,460	17,259	26,084	44,469	46,542	400,175	(10,359)	389,816
Comprising:									
— revenue from customers	149,023	113,460	10,575	26,084	44,469	46,205			
— inter-segment transactions (<i>note</i>)	3,338	-	6,684	-	-	337			
Operating expenses	(67,343)	(70,312)	(13,328)	(16,721)	(41,862)	(63,713)	(273,279)	10,359	(262,920)
Gain on changes in fair value of investment properties	123,665	-	-	-	-	-	123,665	-	123,665
Gain on changes in fair value of financial assets at FVTPL	-	-	-	1,138	-	-	1,138	-	1,138
Gain on changes in fair value of derivative financial instruments	-	-	-	1,659	-	-	1,659	-	1,659
Loss on disposal of property, plant and equipment	-	-	-	-	-	(22)	(22)	-	(22)
Net exchange (losses) gains	(2,193)	4,469	(61)	9,962	-	-	12,177	-	12,177
Segment profit (loss)	<u>206,490</u>	<u>47,617</u>	<u>3,870</u>	<u>22,122</u>	<u>2,607</u>	<u>(17,193)</u>	<u>265,513</u>	<u>-</u>	<u>265,513</u>
Share of results of joint ventures									6,401
Finance costs									<u>(11,695)</u>
Profit before tax									<u>260,219</u>

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 reportable segments on the basis of revenues earned by individual reportable segments. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

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

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	3,848	4,522
PRC Enterprise Income Tax	4,639	10,853
	<u>8,487</u>	<u>15,375</u>
Overprovision in prior years:		
Hong Kong Profits Tax	<u>(130)</u>	<u>(10)</u>
PRC Land Appreciation Tax (“LAT”)	<u>912</u>	<u>3,099</u>
Deferred taxation	<u>366</u>	<u>4,414</u>
	<u>9,635</u>	<u>22,878</u>

Notes:

- (a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.
- (b) Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.
- (c) The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

5. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the profit for the period attributable to owners of the Company of HK\$119,497,000 (six months ended 30 June 2021: HK\$232,673,000) and on 378,583,440 (30 June 2021: 378,583,440) ordinary shares in issue during the period.

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

6. DIVIDENDS

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2021 — HK\$0.28 per share (2021: declared and paid for 2020 HK\$0.25 per share)	106,003	94,645
Dividend declared in respect of current period:		
Interim dividend declared for 2022 — HK\$0.18 per share (2021: HK\$0.18 per share)	68,145	68,145

On 11 August 2022, the Board of Directors has approved an interim cash dividend of HK\$0.18 per share (2021: HK\$0.18 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 9 September 2022.

7. TRADE AND OTHER RECEIVABLES

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade receivables	33,327	37,562
Lease receivables	18,878	11,697
	52,205	49,259
Deposits paid	10,711	10,396
Prepayments and other receivables	88,223	75,871
	151,139	135,526

Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Monthly rentals 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 and lease receivables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within 30 days	22,254	15,816
Between 31 days to 90 days	18,525	21,180
Over 90 days	11,426	12,263
	52,205	49,259

8. TRADE AND OTHER PAYABLES

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade payables	7,548	8,264
Construction costs and retention payables	117,775	192,666
Deposits received in respect of rental of investment properties	138,194	137,708
Rentals receipt in advance	13,497	13,662
Deposits received (<i>note</i>)	162,184	167,639
Other payables	<u>68,664</u>	<u>45,361</u>
	507,862	565,300
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(402,089)</u>	<u>(458,154)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>105,773</u>	<u>107,146</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:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within 30 days	<u>7,548</u>	<u>8,264</u>

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2022 of HK\$0.18 per share (2021: HK\$0.18 per share), payable on Monday, 19 September 2022 to the Company's shareholders registered on Friday, 9 September 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 7 September 2022 to Friday, 9 September 2022, both days inclusive. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged for registration with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 6 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended 30 June 2022, the Group recorded unaudited consolidated profit of approximately HK\$119.3 million, comparing to that of 2021 amounted to approximately HK\$237.3 million, representing a decrease of approximately HK\$118.0 million. The change was mainly due to the decrease of fair value gains of investment properties and the net exchange translation losses 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 2022, the Group recorded gross rental revenue of approximately HK\$156.9 million, increased by approximately HK\$7.9 million from approximately of HK\$149.0 million in the corresponding period of 2021, representing an increase of 5.3%.

Overall Occupancies

The Group's overall occupancy from major investment properties maintained at 85.2% as at 30 June 2022.

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 2022, Chong Hing Square generated gross rental revenue of approximately HK\$38.1 million, decreased by approximately HK\$3.1 million from approximately of HK\$41.2 million in 2021. The occupancy was 87% as at 30 June 2022.

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 2022, 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 in 2019 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. The mall was revamped in 2019 and turned into a young and trendy community mall serving local neighbors providing numerous new brands of retailers and F&B outlets. After renovation, the management expected this would be one of the young and popular malls in the western district and be able to generate higher rental return.

For the period ended 30 June 2022, The Rockpool generated gross rental revenue of approximately HK\$3.5 million. As at today, the mall achieved occupancy of 42% and carparks was fully let. Despite the slowdown of Hong Kong economy and the retail market remains highly difficult, the management and leasing team are confident of the future leasing of the mall given their prime and busiest location in the western district.

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 2022, 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 2022.

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 82% let in terms of office space and 100% let in terms of retail space as at period end. For the period ended 30 June 2022, this office building, after taking exchange translation, generated a rental revenue of approximately HK\$59.1 million, representing an increase of 12%.

The management continued to take proactive steps to lease the remaining office areas and leasing team are actively negotiating with current tenants for the leases to be expired towards the end of 2022.

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 2022, the Group recorded sale revenue of approximately HK\$42.6 million, decreased by approximately of HK\$70.9 million from approximately of HK\$113.5 million in 2021, representing a decrease of 62.5%. Number of residential units sold and recognized for the period was reduced from 32 units in 2021 to 9 units in 2022, and number of carparks sold was decreased from 144 units in 2021 to 106 units in 2022. In effect, the development profit was decreased significantly.

As at 30 June 2022, a total of 5,215 residential units out of total 5,264 units (representing 99%) and a total of 2,128 carpark units out of total 4,670 units (representing 46%) were successfully sold out fetching accumulated sale proceeds of approximately HK\$6 billion. The management forecasted that further sale proceeds of approximately HK\$900 million would be received if all unsold properties including residential units, carpark spaces 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 progress

As at today, the topping-out work of main blocks (Block 1–Block 9) has been completed. 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.

Marketing

Soft marketing activities had been launched since the end of 2021. Due to the crackdown of real estate market and slow recovery of China's economy, property transaction volume across the country was declined significantly. As the property market remained sluggish, the management had adjusted the pre-sale schedule.

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 2022, the budget hotel revenue decreased from approximately of HK\$4.8 million in 2021 to approximately HK\$3.2 million in 2022. The decrease of hotel revenue was due to the slowdown of China's economy.

Hong Kong

ONE-EIGHT-ONE Hotel & Serviced Residences

The previous office building (formerly known as Western Harbour Centre), 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 1,152 sq.ft.), other facilities include Sky Residences, 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 2022, the hotel and F&B business recorded gross revenue of HK\$60.7 million, greatly increased by approximately of HK\$19.3 million, from approximately of HK\$41.4 million in 2021, generating earnings before interest, tax, depreciation and amortization (“EBITDA”) of HK\$19.9 million. However, if adding depreciation of HK\$28.9 million, the hotel and F&B business recorded a net loss of HK\$9.0 million, which was significantly decreased in comparing to the net loss of HK\$16.5 million for the corresponding period of 2021.

The hotel became the first batch 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 2022. With the aid of improving occupancy and average daily rate (“ADR”), the hotel business continued to record high operating revenue and positive EBITDA throughout the period. The management has confident in the hotel business in the second half of 2022.

Thailand

Kimpton Kitalay Samui

In 2021, the Group invested 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.

The hotel is located at the north-eastern part of Samui Island and is situated along the Choengmon Beach. The land is a freehold land title with land areas of 29,588 sq.m. The hotel consists of 21 pool villas and 117 premium rooms and suites with total gross floor area of over 22,098 sq.m. 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. The hotel was in full operation since January 2022.

For the period ended 30 June 2022, the hotel recorded gross revenue of HK\$16.9 million but incurred a net operating loss of HK\$29.1 million after including depreciation and finance cost. The hotel team had taken up numerous measures to improve the hotel occupancy and F&B business and expect to see a better result in the second half of 2022.

SHARE OF RESULTS OF JOINT VENTURES

As at 30 June 2022, the Group teamed up with the same joint venture partner, to acquire three warehouses in Japan and two office buildings in Australia. All these warehouses and office buildings continued to maintain a stable rental revenue with 91%-100% occupancy.

In April 2022, the Group participated in an office investment in core Sydney CBD, Australia by subscribing 50% share of a Property Trust, through a joint venture company which is 50% owned by the Group. The Property Trust acquired 50% share of two Grade A office building located at 309 & 321 Kent Street, Sydney. In effect, the Group hold 12.5% of the property indirectly. The Trust was managed by the property and investment manager of AsheMorgan.

The property, having fully refurbished in 2019, comprises of two commercial office buildings, providing a total lettable area of 509,910 sq.ft., that each comprise basement car parking, ground floor retail accommodation and upper level office accommodation. Whilst the buildings are physically independent of one another, they do share a common basement area and are situated on a single legal title.

The management regarded all the joint venture investments would bring the Group a stable rental return (cash flow) together with a long term capital appreciation. For the period ended of 30 June 2022, the share of results of joint ventures of approximately HK\$4.4 million, decreased from HK\$6.4 million in the corresponding period of 2021. The share of results from the joint ventures was partially affected by the exchange translation loss arising from the three warehouse investment in Japan. Under equity accounting, the share of results of Joint ventures represented the share of net asset value of the investment which mainly included the rental revenue and valuation gain on investment properties.

Outlook

Hong Kong economy is still facing many difficulties and uncertainties amid of the surging inflation, slow economic growth and forecasted economic recession in the coming future. But we have seen a strong rebound in market sentiment since the government has eased social distancing restrictions and rolled out numerous targeted measures to boost domestic consumption and overall economic activities.

The management will continue to stay focus on existing business so as to improve the overall financial performance through operation efficiency and asset enhancement. We will also seek other investment opportunities cautiously.

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 2021 Annual Report:

Directors’ Updated Information

Dr. The Hon. Cheng Mo Chi, Moses, an Independent Non-executive Director of the Company, appointed as a non-official member of the Executive Council of the Hong Kong Special Administrative Region with effect from 1 July 2022. He has resigned from the position of an Independent Non-executive Director of China Mobile Limited (Stock Code: 941) with effect from 18 May 2022 and China Resources Beer (Holdings) Company Limited (Stock Code: 291) with effect from 21 June 2022.

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 2022, 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 2022 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 2022 will be dispatched to the shareholders of the Company and available on the above websites on or about 5 September 2022.

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. The Hon. 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 August 2022