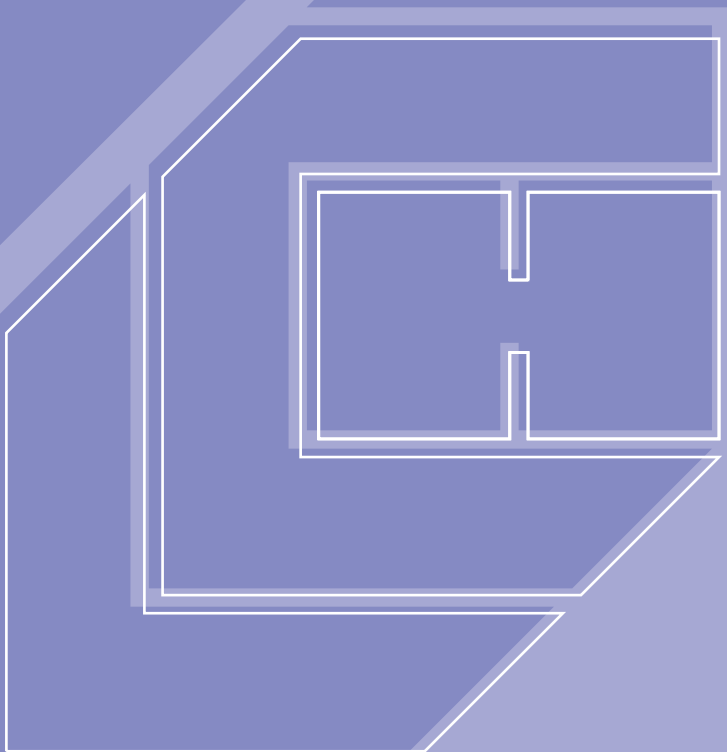


廖創興企業有限公司

Liu Chong Hing Investment Limited



STOCK CODE : 00194

2022
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), MHKIoD

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. The Hon. 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. The Hon. 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. The Hon. Cheng Mo Chi, Moses *(Chairman)*

Mr. Kho Eng Tjoan, Christopher

Dr. Ma Hung Ming, John

Mr. Cheng Yuk Wo

Ms. Tin Siu Kuen *(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

Bangkok Bank Public Company Limited
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

23rd Floor Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong
Tel: (852) 2983 7777
Fax: (852) 2983 7723
Email: info@lchi.com.hk

GUANGZHOU OFFICE

18A Office Tower A
339 Huan Shi Dong Road
Yue Xiu District
Guangzhou, PRC
Tel: (8620) 8375 8993
Fax: (8620) 8375 8071
Email: guangzhou@lchi.com.cn

SHANGHAI OFFICE

Room 3105, Chong Hing Finance Center
288 Nanjing Road West
Shanghai, PRC
Tel: (8621) 6359 1000
Fax: (8621) 6327 6299
Email: shanghai@lchi.com.cn

FOSHAN NANHAI OFFICE

First Phase, The Grand Riviera
1 Guilong Road
Luocun Social Management Office, Shishan Town
Nanhai District, Foshan
Guangdong Province, PRC
Tel: (86757) 6386 0888
Fax: (86757) 6386 2218
Email: foshan@lchi.com.cn

FOSHAN SANSHUI OFFICE

Room 1638-1639, Block 3, Sanshui Square
9 Zhangbian Road, Xi Nan Street
Sanshui District, Foshan
Guangdong Province, PRC
Tel: (86757) 8778 6929
Email: foshan@lchi.com.cn

SHAREHOLDERS' INFORMATION

FINANCIAL CALENDAR

As at 11 August 2022

Annual General Meeting	:	Held on 19 May 2022
Interim Results for six-month ended 30 June 2022	:	Announced on 11 August 2022
Dividends		
Interim cash dividend	:	HK\$0.18 per share
Payable on	:	19 September 2022
Ex-dividend date of interim dividend	:	5 September 2022
Latest time to lodge transfer forms	:	4:30 p.m. on 6 September 2022
Closure of Register of Members	:	From 7 September 2022 to 9 September 2022 (both days inclusive)
Share Registrar	:	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 2022

	NOTES	Six months ended	
		2022	2021
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3A		
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	4	27,395	138,617
Finance costs		(19,409)	(11,695)
Share of results of joint ventures		4,387	6,401
		128,974	260,219
Profit before tax		128,974	260,219
Income tax expense	5	(9,635)	(22,878)
		119,339	237,341
Profit for the period	6	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	7	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
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	119,339	237,341
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)	(2,695)
Other comprehensive (expense) income for the period (net of tax)	(256,962)	220,486
Total comprehensive (expense) income for the period	(137,623)	457,827
Total comprehensive (expense) income attributable to:		
Owners of the Company	(127,191)	450,610
Non-controlling interests	(10,432)	7,217
	(137,623)	457,827

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTES	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Non-current assets			
Investment properties	9	9,471,600	9,525,573
Property, plant and equipment	9	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	10	287,479	304,639
Deferred tax assets		18,414	18,414
		12,318,376	12,201,944
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	11	151,139	135,526
Financial assets at fair value through profit or loss ("FVTPL")	10	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
		3,816,848	3,981,928
Current liabilities			
Trade and other payables	12	402,089	458,154
Lease liabilities		3,048	3,253
Contract liabilities		6,293	9,693
Borrowings — due within one year	13	865,028	563,845
Taxation payable		179,981	186,570
		1,456,439	1,221,515
Net current assets		2,360,409	2,760,413
Total assets less current liabilities		14,678,785	14,962,357

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2022

	NOTES	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Non-current liabilities			
Other payables	12	105,773	107,146
Lease liabilities		1,130	2,663
Borrowings — due after one year	13	1,266,074	1,295,377
Deferred tax liabilities		315,023	322,760
		1,688,000	1,727,946
		12,990,785	13,234,411
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
Total equity		12,990,785	13,234,411

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to owners of the Company							Non-controlling		
	Share capital	Special reserve	Property revaluation reserve	Investment revaluation reserve	Exchange reserve	Statutory surplus reserve	Accumulated profits	Total	interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(note a)	(note b)			(note c)				
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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to owners of the Company									
	Share capital	Special reserve	Property revaluation reserve	Investment revaluation reserve	Exchange reserve	Statutory surplus reserve	Accumulated profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(note a)	(note b)			(note c)				
At 1 January 2022 (audited)	381,535	13,915	2,956,817	23,059	500,508	88,539	9,182,331	13,146,704	87,707	13,234,411
Profit (loss) for the period	-	-	-	-	-	-	119,497	119,497	(158)	119,339
Fair value loss on investments in equity instruments at FVTOCI	-	-	-	(16,355)	-	-	-	(16,355)	-	(16,355)
Exchange differences arising on translation of foreign operations	-	-	-	-	(226,544)	-	-	(226,544)	(10,274)	(236,818)
Share of other comprehensive expense of joint ventures	-	-	-	-	(3,789)	-	-	(3,789)	-	(3,789)
Other comprehensive expense for the period	-	-	-	(16,355)	(230,333)	-	-	(246,688)	(10,274)	(256,962)
Total comprehensive (expense) income for the period	-	-	-	(16,355)	(230,333)	-	119,497	(127,191)	(10,432)	(137,623)
Investment revaluation reserve reclassified to accumulated profits upon disposal of equity instrument	-	-	-	(702)	-	-	702	-	-	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	(106,003)	(106,003)	-	(106,003)
At 30 June 2022 (unaudited)	381,535	13,915	2,956,817	6,002	270,175	88,539	9,196,527	12,913,510	77,275	12,990,785

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, the PRC subsidiaries of the Company are required to allocate 10% of their 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 2022

	Six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(54,059)	118,363
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(14,698)	(6,360)
Deposit paid for acquisition of a subsidiary	–	(123,504)
Acquisition of investment in a joint venture	–	(90,660)
Advance to a joint venture	(279,131)	–
Repayment from joint ventures	22,581	35,970
Dividend received from joint ventures	3,039	14,790
Addition of investment properties	(1,212)	(54,532)
Purchase of equity instruments at FVTOCI	–	(691)
Proceed from disposal of equity instruments at FVTOCI	805	–
Placement of fixed bank deposits with more than three months to maturity when raised	(46,604)	(4,807)
Release of fixed bank deposits with more than three months to maturity when raised	74,184	9,013
NET CASH USED IN INVESTING ACTIVITIES	(241,036)	(220,781)
FINANCING ACTIVITIES		
New borrowings raised	376,000	160,000
Repayments of borrowings	(83,690)	(34,244)
Repayments of lease liabilities	(1,643)	(1,771)
Interest on lease liabilities	(64)	(94)
Dividends paid	(106,003)	(94,645)
Interest paid on borrowings	(17,084)	(10,925)
NET CASH FROM FINANCING ACTIVITIES	167,516	18,321
NET DECREASE IN CASH AND CASH EQUIVALENTS	(127,579)	(84,097)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,875,619	1,876,768
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(21,534)	3,211
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	1,726,506	1,795,882

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 required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (the "Companies Ordinance") is as follows:

The Company has delivered the 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 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 17	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.

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	
	2022	2021
	HK\$'000	HK\$'000
Sale of properties	42,580	113,460
Property management	12,523	10,575
Trading and manufacturing	44,088	44,469
Hotel operation	80,804	46,205
Revenue from contracts with customers	179,995	214,709
Property investment	156,949	149,023
Treasury investment		
– Interest income	22,616	21,931
– Dividend income	17,216	4,153
Total revenue	376,776	389,816

3A. REVENUE (continued)

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	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	-	42,580	-	-	-	-	42,580
Property management	-	-	12,523	-	-	-	12,523
Trading and manufacturing	-	-	-	-	44,088	-	44,088
Hotel operation	-	-	-	-	-	80,804	80,804
Revenue from contracts with customers	-	42,580	12,523	-	44,088	80,804	179,995
Property investment	156,949	-	-	-	-	-	156,949
Interest income	-	-	-	22,616	-	-	22,616
Dividend income	-	-	-	17,216	-	-	17,216
Segment revenue	156,949	42,580	12,523	39,832	44,088	80,804	376,776

	Property development HK\$'000	Property management HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Total HK\$'000
Geographical markets					
Hong Kong	-	12,523	-	60,741	73,264
PRC	42,580	-	44,088	3,162	89,830
Thailand	-	-	-	16,901	16,901
Total	42,580	12,523	44,088	80,804	179,995
Timing of revenue recognition					
A point in time	42,580	-	44,088	10,462	97,130
Over time	-	12,523	-	70,342	82,865
Total	42,580	12,523	44,088	80,804	179,995

3A. REVENUE *(continued)*

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS *(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	-	-	10,575	-	-	-	10,575
Trading and manufacturing	-	-	-	-	44,469	-	44,469
Hotel operation	-	-	-	-	-	46,205	46,205
Revenue from contracts with customers	-	113,460	10,575	-	44,469	46,205	214,709
Property investment	149,023	-	-	-	-	-	149,023
Interest income	-	-	-	21,931	-	-	21,931
Dividend income	-	-	-	4,153	-	-	4,153
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	

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. 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

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

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

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

3B. SEGMENT INFORMATION *(continued)*

SEGMENT REVENUE AND RESULTS *(continued)*

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

	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 FVTPL	–	–	–
Gain on changes in fair value of derivative financial instruments	–	–	–
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.

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 resource allocation and performance assessment.

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

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

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Gain on changes in fair value of investment properties	89,948	123,665
Gain on changes in fair value of financial assets at FVTPL	1,030	1,138
Gain on changes in fair value of derivative financial instruments	-	1,659
Net exchange (losses) gains	(63,088)	12,177
Loss on disposal of property, plant and equipment	(495)	(22)
	27,395	138,617

5. 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
	8,487	15,375
Overprovision in prior years:		
Hong Kong Profits Tax	(130)	(10)
PRC Land Appreciation Tax ("LAT")	912	3,099
Deferred taxation	366	4,414
	9,635	22,878

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.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Staff costs including directors' emoluments	71,613	67,920
Depreciation of property, plant and equipment	50,660	35,774
Depreciation of right-of-use assets	1,554	1,753
Expense relating to short-term leases	2,019	1,991

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\$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.

8. 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.

9. PROPERTY, PLANT AND EQUIPMENT & INVESTMENT PROPERTIES

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$495,000 (six months ended 30 June 2021: HK\$22,000) for no cash proceeds (six months ended 30 June 2021: no cash proceeds), resulting in a loss on disposal of HK\$495,000 (six months ended 30 June 2021: HK\$22,000).

In addition, during the current interim period, the Group paid HK\$14,698,000 (six months ended 30 June 2021: HK\$6,360,000) and HK\$1,212,000 (six months ended 30 June 2021: HK\$54,532,000) for additions of property, plant and equipment and investment properties, respectively.

On 30 June 2022 and 31 December 2021, 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.

The resulting increase in fair value of investment properties of approximately HK\$89,948,000 (six months ended 30 June 2021: HK\$123,665,000) has been recognised directly in profit or loss.

IMPAIRMENT ASSESSMENT

The management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment related to hotel operation with carrying amounts of approximately HK\$1,189,053,000 (31 December 2021: HK\$1,216,584,000). 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 properties were measured at fair value based on Level 3 hierarchy using residual approach on a redevelopment basis. In determining the fair value of the relevant properties, the Group engaged an independent qualified professional valuer to perform the valuation. The key unobservable inputs used in valuing the relevant properties 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 2022.

10. EQUITY INSTRUMENTS AT FVTOCI AND FINANCIAL ASSETS AT FVTPL

	Financial assets at FVTPL HK\$'000	Equity instruments at FVTOCI HK\$'000	Total HK\$'000
30 June 2022			
Listed equity securities	18,650	336	18,986
Unlisted equity securities	–	240,756	240,756
Perpetual capital securities	–	46,387	46,387
	18,650	287,479	306,129
Analysed as:			
Listed in Hong Kong	18,650	46,723	65,373
Unlisted	–	240,756	240,756
	18,650	287,479	306,129
Analysed for reporting purpose as:			
Non-current assets			287,479
Current assets			18,650
			306,129
	Financial assets at FVTPL HK\$'000	Equity instruments at FVTOCI HK\$'000	Total HK\$'000
31 December 2021			
Listed equity securities	17,620	357	17,977
Unlisted equity securities	–	256,212	256,212
Perpetual capital securities	–	48,070	48,070
	17,620	304,639	322,259
Analysed as:			
Listed in Hong Kong	17,620	48,427	66,047
Unlisted	–	256,212	256,212
	17,620	304,639	322,259
Analysed for reporting purpose as:			
Non-current assets			304,639
Current assets			17,620
			322,259

11. 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

12. 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 (note)	162,184	167,639
Other payables	68,664	45,361
	507,862	565,300
Less: Amount due for settlement within 12 months shown under current liabilities	(402,089)	(458,154)
Amount due for settlement after 12 months shown under non-current liabilities	105,773	107,146

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.

12. TRADE AND OTHER PAYABLES (continued)

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	7,548	8,264

13. BORROWINGS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Amounts due within one year		
– Secured bank borrowings	1,346,144	1,369,864
– Unsecured bank borrowings	776,000	479,000
– Amounts due to non-controlling shareholders	8,958	10,358
	2,131,102	1,859,222
Amounts due within one year	(80,070)	(74,487)
Amounts contain a repayment on demand clause	(784,958)	(489,358)
Total shown under current liabilities	(865,028)	(563,845)
	1,266,074	1,295,377

During the current interim period, the Group obtained bank loans of approximately HK\$376,000,000 (30 June 2021: HK\$160,000,000) and repaid bank loans of approximately HK\$83,690,000 (30 June 2021: HK\$34,244,000). The proceeds were used for general working capital purposes.

14. CAPITAL COMMITMENTS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– Property, plant and equipment/investment properties	10,866	8,565
– Commitment to provide shareholder loan to a joint venture (note)	–	280,512
– Others	20,317	20,317

note: During the current interim period, the Group has advanced HK\$279,131,000 to a joint venture.

15. 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 and valuation process.

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.

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 how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as 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 based on 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 of the Group's financial assets that are measured at fair value on a recurring basis

	Fair value hierarchy			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
30 June 2022				
Financial assets at FVTPL				
Listed equity securities	18,650	-	-	18,650
Equity instruments at FVTOCI				
Listed equity securities	336	-	-	336
Unlisted equity securities	-	-	240,756	240,756
Perpetual capital securities	-	46,387	-	46,387
Total	18,986	46,387	240,756	306,129

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*
FAIR VALUE MEASUREMENTS AND VALUATION PROCESS *(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 2021				
Financial assets at FVTPL				
Listed equity securities	17,620	–	–	17,620
Equity instruments at FVTOCI				
Listed equity securities	357	–	–	357
Unlisted equity securities	–	–	256,212	256,212
Perpetual capital securities	–	48,070	–	48,070
Total	17,977	48,070	256,212	322,259

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 exchanges.

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 models are the interest rate data, which are observable at the end of the reporting period. The objective of valuation models 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 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.

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.

15. 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 2022 (audited)	256,212
Total net losses recognised in other comprehensive income	(15,456)
Balance at 30 June 2022 (unaudited)	240,756

The majority of the Group's investments are valued based on quoted market information or observable market data. A small percentage, 1.5% (31 December 2021: 1.6%), 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.

16. RELATED PARTY DISCLOSURES

(A) RELATED PARTY TRANSACTIONS

The Group had no other material significant transactions with related parties.

(B) 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	
	2022	2021
	HK\$'000	HK\$'000
Short-term benefits	25,748	30,660
Post-employment benefits	1,645	2,344
	27,393	33,004

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 28, which comprise the condensed consolidated statement of financial position as of 30 June 2022 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

11 August 2022

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, Rooms 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.

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 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 were 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.

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 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.

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 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 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.

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 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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 buildings located at 309 & 321 Kent Street, Sydney. In effect, the Group holds 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 comprises of 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

SHARE OF RESULTS OF JOINT VENTURES *(continued)*

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 was 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.

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

As at 30 June 2022, 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	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 corporation)		
Mr. Liu Lit Chi	Long	24,000	–	210,161,000 (Notes 1 and 2)	210,185,000	55.52%
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 amongst its shareholders. 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 77,834,290 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 2022, 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	77,834,290 (note 2)	20.56%

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 2022 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 2022, the Group employed a workforce of 597 (30 June 2021: 457). Staff cost for the period include salaries, bonuses and allowances, were approximately HK\$71.6 million (30 June 2021: HK\$67.9 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.

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”), save 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