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# Liu Chong Hing Investment Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 00194)

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2023

		<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3		
Contracts with customers		<b>195,388</b>	179,995
Rental income		<b>145,745</b>	156,949
Interest and dividend income		<b>31,451</b>	39,832
		<b>372,584</b>	376,776
Direct costs		<b>(145,308)</b>	(145,369)
		<b>227,276</b>	231,407
Other income		<b>9,776</b>	16,894
Administrative and operating expenses		<b>(166,376)</b>	(131,700)
Other gains and losses		<b>(268,067)</b>	27,395
Finance costs		<b>(58,773)</b>	(19,409)
Share of results of joint ventures		<b>9,092</b>	4,387
(Loss) profit before tax		<b>(247,072)</b>	128,974
Income tax credit (expense)	4	<b>19,906</b>	(9,635)
(Loss) profit for the period		<b>(227,166)</b>	119,339
(Loss) profit for the period attributable to:			
Owners of the Company		<b>(229,444)</b>	119,497
Non-controlling interests		<b>2,278</b>	(158)
		<b>(227,166)</b>	119,339
Basic (loss) earnings per share	5	<b>HK\$(0.61)</b>	HK\$0.32

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 JUNE 2023*

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
(Loss) profit for the period	<u>(227,166)</u>	<u>119,339</u>
Other comprehensive expense		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	(6,959)	(16,355)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(133,908)	(236,818)
Share of other comprehensive expense of joint ventures	<u>(1,485)</u>	<u>(3,789)</u>
Other comprehensive expense for the period, net of tax	<u>(142,352)</u>	<u>(256,962)</u>
Total comprehensive expense for the period	<u><u>(369,518)</u></u>	<u><u>(137,623)</u></u>
Total comprehensive expense attributable to:		
Owners of the Company	(365,450)	(127,191)
Non-controlling interests	<u>(4,068)</u>	<u>(10,432)</u>
	<u><u>(369,518)</u></u>	<u><u>(137,623)</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 JUNE 2023*

		<b>30 June 2023</b>	31 December 2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(audited)
<b>Non-current assets</b>			
Investment properties		<b>9,582,213</b>	9,480,355
Property, plant and equipment		<b>1,791,893</b>	1,821,467
Right-of-use assets		<b>913</b>	2,307
Interests in joint ventures		<b>567,507</b>	571,262
Equity instruments at FVTOCI		<b>268,861</b>	275,820
Deferred tax assets		<b>16,898</b>	16,898
		<b><u>12,228,285</u></b>	<u>12,168,109</u>
<b>Current assets</b>			
Properties under development for sale		<b>1,468,954</b>	1,474,233
Properties held for sale		<b>311,242</b>	355,918
Inventories		<b>37,626</b>	32,994
Trade and other receivables	7	<b>154,513</b>	148,474
Financial assets at fair value through profit or loss (“FVTPL”)		<b>17,139</b>	18,866
Fixed bank deposits with more than three months to maturity when raised		<b>31,124</b>	37,264
Bank balances and cash		<b>1,427,049</b>	1,596,788
		<b><u>3,447,647</u></b>	<u>3,664,537</u>
<b>Current liabilities</b>			
Trade and other payables	8	<b>418,528</b>	381,153
Lease liabilities		<b>1,048</b>	2,433
Contract liabilities		<b>1,589</b>	8,401
Borrowings — due within one year		<b>2,247,203</b>	992,230
Taxation payable		<b>138,323</b>	140,691
		<b><u>2,806,691</u></b>	<u>1,524,908</u>
Net current assets		<b><u>640,956</u></b>	<u>2,139,629</u>
Total assets less current liabilities		<b><u>12,869,241</u></b>	<u>14,307,738</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

AS AT 30 JUNE 2023

		<b>30 June 2023</b>	31 December 2022
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>Non-current liabilities</b>			
Other payables	8	<b>59,088</b>	106,385
Lease liabilities		–	71
Borrowings — due after one year		<b>303,926</b>	1,216,090
Deferred tax liabilities		<b>291,472</b>	325,203
		<u><b>654,486</b></u>	<u>1,647,749</u>
		<u><b>12,214,755</b></u>	<u>12,659,989</u>
<b>Equity</b>			
Share capital		<b>381,535</b>	381,535
Reserves		<b>11,776,672</b>	12,217,838
Equity attributable to:			
Owners of the Company		<b>12,158,207</b>	12,599,373
Non-controlling interests		<b>56,548</b>	60,616
		<u><b>12,214,755</b></u>	<u>12,659,989</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 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 (“HK\$”), which is also the functional currency of the Company.

The financial information relating to the year ended 31 December 2022 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 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 2022 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 new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2022.

## Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and 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 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (Including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practices Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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

### 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 the current interim period, the CODM identified a new geographical property investment segment located in the United Kingdom (the "UK") which is aggregated in property investment 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 — 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 <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>
<b>For the six months ended 30 June 2023</b>									
Segment revenue	147,862	54,862	21,304	31,451	36,030	90,730	382,239	(9,655)	372,584
Comprising:									
— revenue from customers	145,745	54,862	14,034	31,451	36,030	90,462			
— inter-segment transactions ( <i>note</i> )	2,117	-	7,270	-	-	268			
Operating expenses	(89,948)	(38,327)	(14,988)	(17,298)	(32,533)	(118,469)	(311,563)	9,655	(301,908)
Loss on changes in fair value of investment properties	(235,929)	-	-	-	-	-	(235,929)	-	(235,929)
Loss on changes in fair value of financial assets at FVTPL	-	-	-	(1,727)	-	-	(1,727)	-	(1,727)
Loss on disposal of property, plant and equipment	(4)	(265)	-	-	(75)	(2,685)	(3,029)	-	(3,029)
Net exchange gains (losses)	1,359	(11,795)	171	(15,271)	-	(1,846)	(27,382)	-	(27,382)
Segment (loss) profit	<u>(176,660)</u>	<u>4,475</u>	<u>6,487</u>	<u>(2,845)</u>	<u>3,422</u>	<u>(32,270)</u>	<u>(197,391)</u>	<u>-</u>	<u>(197,391)</u>
Share of results of joint ventures									9,092
Finance costs									<u>(58,773)</u>
Loss before tax									<u>(247,072)</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>
<b>For the six months ended 30 June 2022</b>									
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.

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



#### 4. INCOME TAX (CREDIT) EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The (credit) charge comprises:		
Current tax:		
Hong Kong Profits Tax	<b>2,832</b>	3,848
PRC Enterprise Income Tax	<b>1,964</b>	4,639
	<u><b>4,796</b></u>	<u>8,487</u>
Overprovision in prior years:		
Hong Kong Profits Tax	<b>(36)</b>	(130)
PRC Enterprise Income Tax	<b>(3,453)</b>	–
	<u><b>(3,489)</b></u>	<u>(130)</u>
PRC Land Appreciation Tax (“LAT”)	<u><b>3,170</b></u>	<u>912</u>
Deferred taxation	<u><b>(24,383)</b></u>	<u>366</u>
	<u><b>(19,906)</b></u>	<u>9,635</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% for both periods.
- (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.
- (d) The domestic statutory tax rate of Thailand and UK is 20% and 25%, respectively.

## 5. BASIC (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$229,444,000 (six months ended 30 June 2022: profit for the period attributable to owners of the Company of HK\$119,497,000) and on 378,583,440 (30 June 2022: 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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2022 — HK\$0.20 per share (2022: declared and paid for 2021 HK\$0.28 per share)	<u><b>75,716</b></u>	<u>106,003</u>
Dividend declared in respect of current period:		
Interim dividend declared for 2023 — HK\$0.11 per share (2022: HK\$0.18 per share)	<u><b>41,644</b></u>	<u>68,145</u>

On 10 August 2023, the Board of Directors has approved an interim cash dividend of HK\$0.11 per share (2022: HK\$0.18 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 7 September 2023.

## 7. TRADE AND OTHER RECEIVABLES

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Trade receivables	<b>29,279</b>	39,138
Lease receivables	<b>12,414</b>	5,673
	<b>41,693</b>	44,811
Deposits paid	<b>9,898</b>	15,323
Prepayments and other receivables	<b>51,490</b>	42,147
VAT receivables	<b>51,432</b>	46,193
	<b>154,513</b>	148,474

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:

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Within 30 days	<b>23,018</b>	16,775
Between 31 days to 90 days	<b>10,999</b>	18,677
Over 90 days	<b>7,676</b>	9,359
	<b>41,693</b>	44,811

## 8. TRADE AND OTHER PAYABLES

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Trade payables	9,034	9,599
Construction costs and retention payables	80,943	136,570
Deposits received in respect of rental of investment properties	133,420	130,582
Rentals receipt in advance	12,330	11,597
Deposits received ( <i>note</i> )	148,657	153,433
Other payables	93,232	45,757
	<u>477,616</u>	<u>487,538</u>
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(418,528)</u>	<u>(381,153)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>59,088</u>	<u>106,385</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:

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Within 30 days	<u>9,034</u>	<u>9,599</u>

## **INTERIM DIVIDEND**

The Board of Directors has resolved to declare an interim cash dividend for 2023 of HK\$0.11 per share (2022: HK\$0.18 per share), payable on Friday, 15 September 2023 to the Company's shareholders registered on Thursday, 7 September 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Tuesday, 5 September 2023 to Thursday, 7 September 2023, 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 Monday, 4 September 2023.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the period ended 30 June 2023, the Group recorded unaudited consolidated loss of approximately HK\$227.2 million, comparing to 2022 profit amounted to approximately HK\$119.3 million, representing a decrease of approximately HK\$346.5 million. The change was mainly due to the turnaround of fair value gains of investment properties recorded in the corresponding period to fair value losses recorded in the current period. Nevertheless, the overall financial position of the Group remains healthy. The revaluation deficits are non-cash and unrealised items.

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 loss on changes in fair value of investment properties and net exchange losses.

### **Property Investment**

#### ***Overall Rental Revenue***

For the period ended 30 June 2023, the Group recorded gross rental revenue of approximately HK\$145.7 million, decreased by approximately HK\$11.2 million from approximately of HK\$156.9 million in the corresponding period of 2022, representing a decrease of 7.1%.

## ***Overall Occupancies***

The Group's overall occupancy from major investment properties maintained at 80% as at 30 June 2023.

## **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 2023, Chong Hing Square generated gross rental revenue of approximately HK\$27.2 million, decreased by approximately HK\$10.9 million from approximately of HK\$38.1 million in 2022. Decrease of rental revenue was due to rental concessions to existing tenants and rental loss upon new and renewal of tenancies. The occupancy was 73% as at 30 June 2023.

### ***Chong Hing Bank Centre***

Chong Hing Bank Centre, located at 24 Des Voeux Road Central, is a 26-storey Grade A office building. Having retained several floors for the Company's use, this office building was leased to Chong Hing Bank Limited for 5 years with a monthly rental of HK\$7.98 million started from 19 February 2019.

For the period ended 30 June 2023, Chong Hing Bank Center has generated rental revenue of approximately HK\$47.9 million. The management regarded the tenancy would bring stable and good rental return to the Group.

On 24 March 2023, Chong Hing Bank Limited exercised its option to renew the lease for five more years from 19 February 2024 to 18 February 2029, at a monthly rental of HK\$6.08 million, representing a decrease of 23.8%. Considering the long-term interests of the Group, the management has accepted the lease renewal.

Having taken prolonged negotiation and discussion with the management of Chong Hing Bank, we regarded Chong Hing Bank is the Group's long term strategic partner. The management, having taking into account the tenant strong financial background, surrounding office supply, and the future economic development, the decision we made could ensure the Group's long term success and competitiveness.

### ***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 2023, The Rockpool generated gross rental revenue of approximately HK\$6.2 million, increased by HK\$2.7 million from approximately of HK\$3.5 million in the corresponding period of 2022. As at 30 June 2023, the mall achieved occupancy of 67% and carparks were fully let.

### ***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 2023, Fairview Court recorded rental revenue of approximately HK\$3.3 million, it records net rental revenue of HK\$1.7 million after rental elimination. This property recorded 100% occupancy as at 30 June 2023.

### **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 74% let in terms of office space and 100% let in terms of retail space as at period end.

For the period ended 30 June 2023, this office building, after taking exchange translation, generated a rental revenue of approximately HK\$50.9 million, decreased by approximately HK\$8.2 million from approximately HK\$59.1 million in 2022, representing a decrease of 14%.

Given the over-supply of office market and low recovery of economy, the management have rolled out new and lucrative measures to retain the existing and new tenants.

## **United Kingdom Properties**

### ***Barratt House, 341–349 Oxford Street, London***

On 6 April 2023, the Group has completed the new acquisition of a UK commercial property, Barratt House, located on 341–349 Oxford Street, London by purchasing 100% of the units in a Jersey Property Unit Trust, and two UK incorporated nominee companies which hold the legal title of the property. The property provides 7 floors of accommodation with total area of 16,200 sq.ft., consisting of a 5,894 sq.ft. prime retail unit over basement, ground and first floors, and 8,244 sq.ft. of refurbished offices on four upper floors. From the date of acquisition to period ended 30 June 2023, the rental income attributable to the Group was approximately HK\$5.5 million. This property recorded 100% occupancy as at 30 June 2023.

The management regarded the acquisition is a good investment given the prime location, good tenant mix, strong discounted value and future redevelopment potential.

## **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.

#### ***Financial and Sale Results***

For the period ended 30 June 2023, the Group recorded sale revenue of approximately HK\$54.9 million, increased by approximately of HK\$12.3 million from approximately of HK\$42.6 million in 2022, representing an increase of 29%. Number of residential units sold and recognized for the year was increased from 9 units in 2022 to 18 units in 2023, and number of carparks sold was decreased from 106 units in 2022 to 49 units in 2023. In effect, the development profit was increased.

As at 30 June 2023, a total of 5,238 residential units out of total 5,264 units (representing 99%) and a total of 2,331 carpark units out of total 4,670 units (representing 50%) were successfully sold out fetching accumulated sale proceeds of approximately HK\$6 billion. The management forecasted that further sale proceeds of approximately HK\$700 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, making the accommodation value of RMB7,198 per square meter.

#### *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 Bei Jiang Primary School, Xindongli Center, Bei Jiang 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 108,000 square meters. If including the retail and commercial area of approximately 1,461 square meters on the ground floor and 874 carpark spaces mainly built at basement level, the total developable area is over 142,000 square meters.

#### *Construction, marketing and sale*

Overall construction had been completed at the end of 2022, sale office, show flats and ancillary work will be ready in August 2023. Market research and soft sales activities have already begun and the first phase official sale will be launched in late October 2023.

## **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 2023, the budget hotel revenue increased from approximately HK\$3.2 million in 2022 to approximately HK\$5.5 million in 2023. Management believes the hotel would perform better in 2023 as China is fully reopening for tourism.

### **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 182-room hotel and serviced residences. The hotel was in full operation after obtaining the hotel license on 2 December 2019. Apart from providing 182 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 2023, the hotel and F&B business recorded gross revenue approximately of HK\$37.4 million, decreased by approximately of HK\$23.3 million, from approximately of HK\$60.7 million in 2022, and recorded loss before interest, tax, depreciation and amortization approximately of HK\$2.7 million. If adding depreciation approximately of HK\$29.4 million, the hotel and F&B business recorded a net loss approximately of HK\$32.1 million.

In terms of Food and Beverages, a new restaurant, The Praya, has been opened on 3rd floor of the hotel on 31 May 2023. The Praya features a modern twist on traditional Chinese cuisine to bring innovative tastes to guests. We expect that a new restaurant can improve the hotel's reputation by providing a high-quality dining experience, and then increase customer loyalty and generate more business for the hotel.

The management expects the hotel business will be improved following the recovery of Hong Kong overall economy and tourist industry.

## **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 2023, the hotel achieved gross revenue approximately of HK\$47.7 million and generated earnings before interest, tax, depreciation and amortization (“EBITA”) approximately of HK\$15.2 million. These figures represent a very positive performance for the period of 2023, as both gross revenue and gross operating profit exceeded the budget. This success can be attributed to the reopening of Asian regional markets and the implementation of various IHG marketing campaigns. Moving forward, the hotel’s management will closely monitor its financial and operating results. The hotel team remains committed to implementing appropriate measures to maintain this positive trend.

## **SHARE OF RESULTS OF JOINT VENTURES**

As at 30 June 2023, the Group teamed up with Value Partners Group Limited (“Value Partners”), to acquire four logistic centers in Japan and two commercial property projects in Australia. All these logistic centers and commercial properties continued to maintain a stable rental revenue with 94%–100% occupancy.

The management regarded all the joint venture investments would bring the Group a stable rental returns together with a long term capital appreciation. For the period ended of 30 June 2023, the share of results of joint ventures was increased from approximately HK\$4.4 million in 2022 to approximately HK\$9.1 million in 2023. The increase in share results was primarily attributable to the rental income from newly acquired properties and the fair value gains of investment properties.

## **New Joint Venture Investment**

In July 2023, the Group together with Value Partners participated in a new joint venture investment to acquire 50% share of Cromwell Italy Urban Logistics Fund which is holding seven logistics centers in Northern Italy. In effect, the Group holds 25% of the properties indirectly. The seven properties are spread across the largest cities and near key logistics hubs in northern Italy, including Milan, Bologna, Veneto and Turin. All properties are fully leased to DHL group companies with long lease terms over 10 years. The capital injection was in the form of Shareholder's loan to the newly opened joint venture company in the amount of EUR7 million, approximately HK\$61.4 million. The management expects that the expansion and geographic diversification of our logistics portfolio will bring additional benefits to the Group.

## **Outlook**

Hong Kong economy is still facing many difficulties and uncertainties amid of the surging interest rate and slow economic growth in the near future. But we are confident that the local consumption and overall business activities will be recovered gradually, driven by the rebounding retail and real estate markets and a gradual increase in PRC visitors and investors. The management will continue to stay focused on existing business to improving the overall financial performance through operation efficiency and asset enhancement, while also cautiously seeking out other investment opportunities.

## **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.

## **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 2023, 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 2023 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](http://www.hkexnews.hk)) and the website of the Company ([www.lchi.com.hk](http://www.lchi.com.hk)). The Company’s interim report for 2023 will be dispatched to the shareholders of the Company and available on the above websites on or about 1 September 2023.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board of Directors of the Company comprises Executive Directors: Mr. Liu Lit Chi (Chairman, Managing Director and Chief Executive Officer), Mr. Liu Kam Fai, Winston (Deputy Managing Director), Mr. Lee Wai Hung, Mr. Liu Kwun Bo, Darryl, Liu Chak Hung, Adrian and Liu Kwun Hung, Tiger and; 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, 10 August 2023