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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 2024

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 2024.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3		
Contracts with customers		170,533	195,388
Rental income		155,005	145,745
Interest and dividend income		38,148	31,451
		363,686	372,584
Direct costs		(126,828)	(145,308)
		236,858	227,276
Other income		3,124	9,776
Administrative and operating expenses		(171,639)	(166,376)
Other gains and losses		(362,123)	(268,067)
Finance costs		(98,229)	(58,773)
Share of results of joint ventures		(47,052)	9,092
Loss before tax		(439,061)	(247,072)
Income tax credit	4	20,575	19,906
Loss for the period		(418,486)	(227,166)
(Loss) profit for the period attributable to:			
Owners of the Company		(416,720)	(229,444)
Non-controlling interests		(1,766)	2,278
		(418,486)	(227,166)
Basic loss per share	5	HK\$(1.10)	HK\$(0.61)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	<u>(418,486)</u>	<u>(227,166)</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")	(2,633)	(6,959)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(45,154)	(133,908)
Share of other comprehensive expense of joint ventures, net of tax	<u>(1,464)</u>	<u>(1,485)</u>
Other comprehensive expense for the period, net of tax	<u>(49,251)</u>	<u>(142,352)</u>
Total comprehensive expense for the period	<u><u>(467,737)</u></u>	<u><u>(369,518)</u></u>
Total comprehensive expense attributable to:		
Owners of the Company	(464,725)	(365,450)
Non-controlling interests	<u>(3,012)</u>	<u>(4,068)</u>
	<u><u>(467,737)</u></u>	<u><u>(369,518)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
Non-current assets			
Investment properties		9,252,459	9,611,370
Property, plant and equipment		1,686,006	1,762,836
Right-of-use assets		1,238	1,769
Interests in joint ventures		544,491	635,080
Equity instruments at FVTOCI		269,823	272,456
Deferred tax assets		20,809	20,809
		11,774,826	12,304,320
Current assets			
Properties under development for sale		883,640	865,772
Properties held for sale		400,025	409,861
Inventories		32,278	32,418
Trade and other receivables	7	175,787	168,554
Financial assets at fair value through profit or loss ("FVTPL")		10,600	14,732
Fixed bank deposits with more than three months to maturity when raised		174,047	45,085
Cash and cash equivalents		2,022,422	1,156,972
		3,698,799	2,693,394
Current liabilities			
Trade and other payables	8	393,258	439,684
Lease liabilities		1,078	1,122
Contract liabilities		73,740	2,235
Borrowings — due within one year		1,981,559	1,774,569
Taxation payable		141,364	138,425
		2,590,999	2,356,035
Net current assets		1,107,800	337,359
Total assets less current liabilities		12,882,626	12,641,679

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

AS AT 30 JUNE 2024

		30 June 2024	31 December 2023
	<i>Note</i>	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current liabilities			
Other payables	8	106,682	109,890
Lease liabilities		184	731
Borrowings — due after one year		1,432,834	628,783
Deferred tax liabilities		270,438	297,691
		1,810,138	1,037,095
		11,072,488	11,604,584
Equity			
Share capital		381,535	381,535
Reserves		10,656,171	11,185,255
Equity attributable to:			
Owners of the Company		11,037,706	11,566,790
Non-controlling interests		34,782	37,794
Total equity		11,072,488	11,604,584

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 2023 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 financial statements for the year ended 31 December 2023 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”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

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 period beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendment to HKAS 1	Non-current Liabilities with Covenants
Amendment to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

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 prior 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>
For the six months ended 30 June 2024									
Segment revenue	156,099	8,978	24,278	38,148	43,637	101,271	372,411	(8,725)	363,686
Comprising:									
— revenue from customers	155,005	8,978	16,794	38,148	43,637	101,124			
— inter-segment transactions (<i>note</i>)	1,094	—	7,484	—	—	147			
Operating expenses	(80,765)	(24,429)	(16,984)	(17,360)	(40,741)	(123,789)	(304,068)	8,725	(295,343)
Loss on changes in fair value of investment properties	(334,301)	—	—	—	—	—	(334,301)	—	(334,301)
Loss on changes in fair value of financial assets at FVTPL	—	—	—	(3,150)	—	—	(3,150)	—	(3,150)
Loss on disposal of property, plant and equipment	—	—	—	—	(75)	(141)	(216)	—	(216)
Net exchange gains (losses)	214	(623)	40	(24,155)	—	68	(24,456)	—	(24,456)
Segment (loss) profit	<u>(258,753)</u>	<u>(16,074)</u>	<u>7,334</u>	<u>(6,517)</u>	<u>2,821</u>	<u>(22,591)</u>	<u>(293,780)</u>	<u>—</u>	<u>(293,780)</u>
Share of results of joint ventures									(47,052)
Finance costs									<u>(98,229)</u>
Loss before tax									<u><u>(439,061)</u></u>

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

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

	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	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the six months ended 30 June 2023									
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 (note)	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><u>(247,072)</u></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 revenue 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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
The (credit) charge comprises:		
Current tax:		
Hong Kong Profits Tax	3,350	2,832
People's Republic of China ("PRC") Enterprise Income Tax	339	1,964
UK Corporate Tax	1,207	—
	<u>4,896</u>	<u>4,796</u>
Overprovision in prior years:		
Hong Kong Profits Tax	(3)	(36)
PRC Enterprise Income Tax	—	(3,453)
	<u>(3)</u>	<u>(3,489)</u>
PRC Land Appreciation Tax ("LAT")	<u>630</u>	<u>3,170</u>
Deferred taxation	<u>(26,098)</u>	<u>(24,383)</u>
	<u>(20,575)</u>	<u>(19,906)</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 UK is 25%.

5. BASIC LOSS PER SHARE

The calculation of the loss 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\$416,720,000 (six months ended 30 June 2023: HK\$229,444,000) and on 378,583,440 (30 June 2023: 378,583,440) ordinary shares in issue during the period.

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

6. DIVIDENDS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2023 — HK\$0.17 per share (2023: declared and paid for 2022 HK\$0.20 per share)	64,359	75,716
Dividend declared in respect of current period:		
Interim dividend declared for 2024 — HK\$0.11 per share (2023: HK\$0.11 per share)	41,644	41,644
On 8 August 2024, the Board of Directors has approved an interim cash dividend of HK\$0.11 per share (2023: HK\$0.11 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 5 September 2024.		

7. TRADE AND OTHER RECEIVABLES

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade receivables	33,011	32,103
Lease receivables	4,238	5,825
	37,249	37,928
Deposits paid	7,614	9,712
Prepayments and other receivables	75,452	65,039
VAT receivables	55,472	55,875
	175,787	168,554

Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. There is no credit period given on billing for rental of properties. 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 2024 HK\$'000	31 December 2023 HK\$'000
Within 30 days	16,123	18,765
Between 31 days to 90 days	16,100	14,822
Over 90 days	5,026	4,341
	37,249	37,928

8. TRADE AND OTHER PAYABLES

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade payables	10,214	10,908
Construction costs and retention payables	107,963	135,804
Deposits received in respect of rental of investment properties	123,158	139,156
Rentals receipt in advance	10,627	8,613
Deposits received (<i>note</i>)	149,593	151,249
Other payables	98,385	103,844
	<u>499,940</u>	<u>549,574</u>
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(393,258)</u>	<u>(439,684)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>106,682</u>	<u>109,890</u>

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

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Within 30 days	<u>10,214</u>	<u>10,908</u>

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2024 of HK\$0.11 per share (2023: HK\$0.11 per share), payable on Friday, 13 September 2024 to the Company's shareholders registered on Thursday, 5 September 2024.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 3 September 2024 to Thursday, 5 September 2024, 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, 2 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended 30 June 2024, the Group recorded unaudited consolidated loss of approximately HK\$418.5 million, comparing to a loss of approximately HK\$227.2 million for the corresponding period last year, representing an increase of approximately HK\$191.3 million. The change was mainly due to the fair value losses of investment properties. 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 2024, the Group recorded gross rental revenue of approximately HK\$155.0 million, increased by approximately HK\$9.3 million from approximately of HK\$145.7 million in the corresponding period of 2023, representing an increase of 6.4%.

Overall Occupancies

The Group's overall occupancy from major investment properties maintained at 85.2% as at 30 June 2024.

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 2024, Chong Hing Square generated gross rental revenue of approximately HK\$29.3 million, increased by approximately HK\$2.1 million from approximately of HK\$27.2 million in 2023. The occupancy was 79% as at 30 June 2024.

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. 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.

For the period ended 30 June 2024, Chong Hing Bank Center has generated rental revenue of approximately HK\$39.6 million, decreased by HK\$8.3 million from approximately HK\$47.9 million in 2023.

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 2024, The Rockpool generated gross rental revenue of approximately HK\$8.1 million, increased by HK\$1.9 million from approximately of HK\$6.2 million in the corresponding period of 2023. As at 30 June 2024, the mall achieved occupancy of 88% 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 2024, Fairview Court recorded rental revenue of approximately HK\$1.6 million, slightly decreased by HK\$0.1 million from HK\$1.7 million in the corresponding period of 2023. This property recorded 40% occupancy as at 30 June 2024.

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 83% let in terms of office space and 100% let in terms of retail space as at period end.

For the period ended 30 June 2024, this office building, after taking exchange translation, generated a rental revenue of approximately HK\$57.8 million, increased by approximately HK\$6.9 million from approximately HK\$50.9 million in 2023, representing an increase of 13.5%.

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 period ended 30 June 2024, the rental income attributable to the Group was approximately HK\$12.4 million. This property recorded 100% occupancy as at 30 June 2024.

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 2024, the Group recorded sale revenue of approximately HK\$9.0 million, decreased by approximately of HK\$45.9 million from approximately of HK\$54.9 million in 2023, representing a decrease of 83.6%. Number of residential units sold and recognized for the year was decreased from 18 units in 2023 to 3 units in 2024, and number of carpark sold was decreased from 49 units in 2023 to 18 units in 2024. In effect, the sales profit was decreased significantly.

As at 30 June 2024, a total of 5,242 residential units out of total 5,264 units (representing 99%) and a total of 2,414 carpark units out of total 4,670 units (representing 52%) 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

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 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 sales

Overall construction had been completed at the end of 2022. Various marketing and sales activities have been undertaken to promote the residential property. Official open sale for Block 1 and 6 was launched in November 2023 and May 2024 respectively. As at the date of board meeting a total of 179 residential units were successfully sold, fetching sale proceeds of approximately RMB177.5 million. The interior decoration work is expected to be completed and will be handed over to the buyers in August 2024, and the relevant sales revenue will be recorded in the second half of 2024. The management has decided to launch sales of Block 2 and Block 9 in the third quarter. These two blocks are currently undergoing interior renovation.

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.

Due to the lease expiration, the hotel business operation in Guangzhou had been ceased on 11 January 2024. For the period ended 30 June 2024, the budget hotel revenue recorded HK\$0.3 million.

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 2024, the hotel and F&B business recorded gross revenue approximately of HK\$42.4 million, increased by approximately of HK\$5.0 million, from approximately of HK\$37.4 million in 2023, and recorded profits before interest, tax, depreciation and amortization (“EBITDA”) approximately of HK\$2.2 million. If adding depreciation approximately of HK\$30.5 million, the hotel and F&B business recorded a net loss of approximately HK\$28.3 million.

The management is encouraged by the gradual recovery observed in the Hong Kong economy and tourism industry during the first half of 2024. This improving market environment has had a positive impact on our hotel business. The hotel team is closely monitoring market trends and adjusting our pricing strategies accordingly. By offering competitive room rates and targeted package deals, we aim to capture a larger market share and maintain a strong competitive position within the hospitality industry in Hong Kong. With our strategic initiatives and commitment to excellence, we are well-positioned to capture growth opportunities and deliver sustained profitability in the years ahead.

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 2024, the hotel achieved gross revenue approximately of HK\$58.4 million, increased by approximately of HK\$10.8 million, from approximately of HK\$47.6 million in 2023 and generated EBITDA approximately of HK\$19.9 million. These figures represent a very positive performance for the period of 2024, 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 2024, the Group teamed up with Value Partners Group Limited (“Value Partners”), had already acquired four logistic centers in Japan, two commercial buildings in Australia and seven logistic centers in Italy. All these logistic centers and commercial properties continued to maintain a stable rental revenue with average 93% 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 2024, the share of results of joint ventures was decreased from approximately HK\$9.1 million gain in 2023 to approximately HK\$47.1 million loss in 2024. The negative share result was primarily attributable to the fair value loss of Australia investment properties and unrealized exchange loss.

Outlook

The first half of 2024 has seen a continued challenging economic environment, with persistent high interest rates and a slowdown in economic growth globally. However, we remain cautiously optimistic about the gradual recovery of the Hong Kong market. With the support and introduction of various economic stimulus policies and initiatives implemented by local government, we maintain our confidence in the gradual recovery of overall business activities. Our management remains committed to improving overall financial performance through operational efficiency and asset enhancement. We will focus on optimizing existing business operations to enhance profitability and maximize returns for our stakeholders.

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 C1 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 C.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 C3 of the Listing Rules throughout the review period.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2024, 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 2024 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 2024 will be dispatched to the shareholders of the Company and available on the above websites on or about 30 August 2024.

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, 8 August 2024