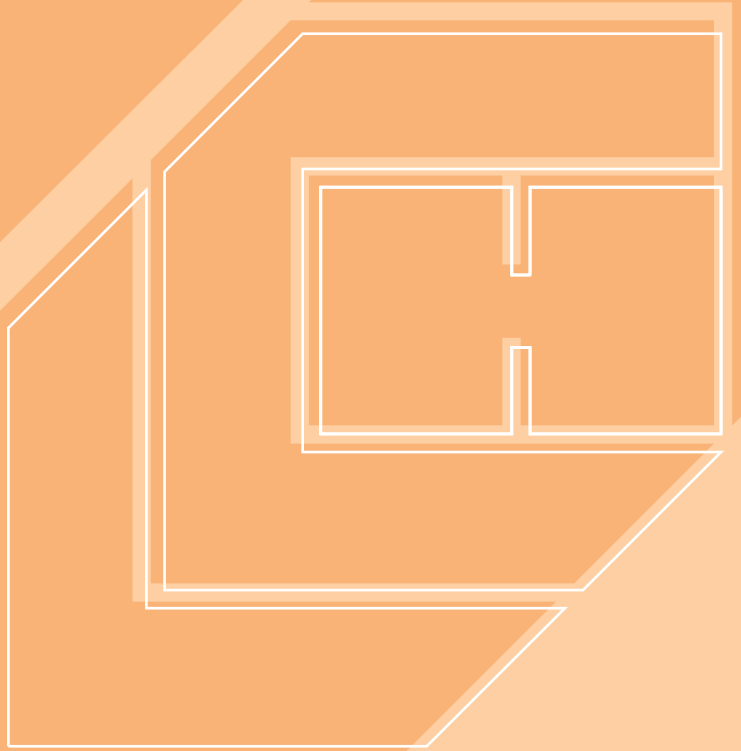




廖創興企業有限公司

Liu Chong Hing Investment Limited



STOCK CODE : 00194

2016
INTERIM REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. Liu Lit Mo, LLD, MBE, J.P. (*Chairman*)
Mr. Liu Lit Chi
(*Managing Director and Chief Executive Officer*)
Mr. Liu Kam Fai, Winston
(*Deputy Managing Director*)
Mr. Liu Kwun Shing, Christopher
(*also alternate director to Dr. Liu Lit Chung*)
Mr. Lee Wai Hung

NON-EXECUTIVE DIRECTORS

Dr. Liu Lit Chung,
MBBS (Lon), MRCP(UK), F.R.C.P. (Lon)
Mr. Andrew Liu
Mr. Liu Chun Ning, Wilfred
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. Cheng Mo Chi, Moses,
GBM, GBS, OBE, LLB (HK), J.P.
Mr. Tong Tsin Ka, FCA (AUST.), FCPA, FCIS
Mr. Au Kam Yuen, Arthur
Dr. Ma Hung Ming, John, PhD, BBS, J.P.
Mr. Cheng Yuk Wo
Msc (Econ), BA (Hons), CA, FCA, FCPA, CPA (Practising)

COMPANY SECRETARY

Mr. Lee Wai Hung

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Dr. Liu Lit Mo (*Chairman*)
Mr. Liu Lit Chi
Mr. Tong Tsin Ka
Mr. Kho Eng Tjoan, Christopher
Mr. Cheng Yuk Wo
Mr. Lee Wai Hung (*Secretary*)

REMUNERATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

EXECUTIVE MANAGEMENT COMMITTEE

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

SOLICITORS

Deacons
Gallant Y.T. Ho & Co.
P.C. Woo & Co.

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

BANKERS

Australia and New Zealand Banking Group Limited
China CITIC Bank International Limited
Chong Hing Bank Limited
Credit Suisse AG Hong Kong Branch
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
The Hong Kong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited
Wing Lung Bank Limited

REGISTERED OFFICE

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FOSHAN OFFICE

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1 Guilong Road
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Guangdong Province, P.R.C.
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SHAREHOLDERS' INFORMATION

FINANCIAL CALENDAR

As at 3 August 2016

Annual General Meeting	:	Held on 27 April 2016
Interim Results for six-month ended 30 June 2016	:	Announced on 3 August 2016
Dividends		
Interim cash dividend	:	HK\$0.17 per share
Payable on	:	27 September 2016
Ex-dividend date of interim dividend	:	9 September 2016
Latest time to lodge transfer forms	:	4:30 p.m. on 12 September 2016
Closure of Register of Members	:	From 13 September 2016 to 15 September 2016 (both days inclusive)
Share Registrars and transfer office	:	Computershare Hong Kong Investor Services Limited Shops 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. Nelly Ng 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 2016

	NOTES	Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue		560,153	353,435
Direct costs		(276,872)	(71,855)
		283,281	281,580
Other income		3,006	2,633
Administrative and operating expenses		(85,733)	(85,768)
Other gains and losses	5	67,698	67,400
Finance costs		(12,086)	(40,873)
Share of results of joint ventures		-	(18)
		256,166	224,954
Profit before tax		256,166	224,954
Income tax expense	6	(37,498)	(13,738)
		218,668	211,216
Profit for the period	7	218,668	211,216
Profit for the period attributable to:			
Owners of the Company		213,303	205,070
Non-controlling interests		5,365	6,146
		218,668	211,216
Basic earnings per share	8	HK\$0.56	HK\$0.54

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	218,668	211,216
Other comprehensive (expense) income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation	(78,391)	3,457
Fair value (losses) gains on available-for-sale investments	(6,262)	34,889
Investment revaluation reserve reclassified to profit or loss upon disposal of available-for-sale investments	(1,283)	–
Exchange reserve reclassified to profit or loss upon disposal of subsidiaries	(2,872)	–
Other comprehensive (expense) income for the period (net of tax)	(88,808)	38,346
Total comprehensive income for the period	129,860	249,562
Total comprehensive income attributable to:		
Owners of the Company	127,990	243,160
Non-controlling interests	1,870	6,402
	129,860	249,562

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	NOTES	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Non-current assets			
Investment properties	10	7,906,433	7,888,772
Property, plant and equipment		103,302	104,678
Properties under development		792,423	736,725
Investments in joint ventures		1,228	1,228
Investments in securities	11	722,260	726,789
Advance to an investee company		4,886	4,902
Fixed bank deposits with more than three months to maturity when raised		258,570	–
Deferred tax assets		7,846	7,846
		9,796,948	9,470,940
Current assets			
Properties under development for sale		573,312	390,974
Properties held for sale		779,478	1,012,405
Inventories		16,803	18,786
Trade and other receivables	12	130,569	136,967
Investments in securities	11	12,771	13,197
Fixed bank deposits with more than three months to maturity when raised		634,978	822,502
Other bank balances and cash		981,648	1,043,618
		3,129,559	3,438,449
Current liabilities			
Trade and other payables	13	342,814	273,930
Taxation payable		11,944	2,187
Borrowings — due within one year	14	538,829	861,772
		893,587	1,137,889
Net current assets		2,235,972	2,300,560
Total assets less current liabilities		12,032,920	11,771,500

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2016

	NOTES	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Non-current liabilities			
Rental deposits from tenants		95,198	105,719
Borrowings — due after one year	14	725,550	489,717
Deferred tax liabilities		236,413	231,733
		1,057,161	827,169
		10,975,759	10,944,331
Equity			
Share capital		381,535	381,535
Reserves		10,564,091	10,534,533
Equity attributable to:			
Owners of the Company		10,945,626	10,916,068
Non-controlling interests		30,133	28,263
Total equity		10,975,759	10,944,331

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Attributable to owners of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Special reserve HK\$'000 (note a)	Property revaluation reserve HK\$'000 (note b)	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits HK\$'000			
At 1 January 2015	381,535	13,915	2,956,817	217,590	569,075	6,870,327	11,009,259	27,517	11,036,776
Profit for the period	-	-	-	-	-	205,070	205,070	6,146	211,216
Exchange differences arising on translation	-	-	-	-	3,201	-	3,201	256	3,457
Fair value gains on available-for-sale investments	-	-	-	34,889	-	-	34,889	-	34,889
Other comprehensive income for the period	-	-	-	34,889	3,201	-	38,090	256	38,346
Total comprehensive income for the period	-	-	-	34,889	3,201	205,070	243,160	6,402	249,562
Dividends recognised as distribution (note 9)	-	-	-	-	-	(94,646)	(94,646)	-	(94,646)
At 30 June 2015 (unaudited)	381,535	13,915	2,956,817	252,479	572,276	6,980,751	11,157,773	33,919	11,191,692
Profit for the period	-	-	-	-	-	205,296	205,296	5,743	211,039
Exchange differences arising on translation	-	-	-	-	(238,541)	-	(238,541)	(11,399)	(249,940)
Fair value losses on available-for-sale investments	-	-	-	(142,514)	-	-	(142,514)	-	(142,514)
Investment revaluation reserve reclassified to profit or loss upon disposal of available-for-sale investments	-	-	-	(5,373)	-	-	(5,373)	-	(5,373)
Other comprehensive expense for the period	-	-	-	(147,887)	(238,541)	-	(386,428)	(11,399)	(397,827)
Total comprehensive (expense) income for the period	-	-	-	(147,887)	(238,541)	205,296	(181,132)	(5,656)	(186,788)
Dividends recognised as distribution (note 9)	-	-	-	-	-	(60,573)	(60,573)	-	(60,573)
At 31 December 2015 (audited)	381,535	13,915	2,956,817	104,592	333,735	7,125,474	10,916,068	28,263	10,944,331

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Attributable to owners of the Company						Total	Non-controlling interests	Total
	Share capital	Special reserve	Property revaluation reserve	Investment revaluation reserve	Exchange reserve	Accumulated profits			
	HK\$'000	HK\$'000 (note a)	HK\$'000 (note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Profit for the period	-	-	-	-	-	213,303	213,303	5,365	218,668
Exchange differences arising on translation	-	-	-	-	(74,896)	-	(74,896)	(3,495)	(78,391)
Fair value losses on available-for-sale investments	-	-	-	(6,262)	-	-	(6,262)	-	(6,262)
Investment revaluation reserve reclassified to profit or loss upon disposal of available-for-sale investments	-	-	-	(1,283)	-	-	(1,283)	-	(1,283)
Exchange reserve reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	(2,872)	-	(2,872)	-	(2,872)
Other comprehensive expense for the period	-	-	-	(7,545)	(77,768)	-	(85,313)	(3,495)	(88,808)
Total comprehensive (expense) income for the period	-	-	-	(7,545)	(77,768)	213,303	127,990	1,870	129,860
Dividends recognised as distribution (note 9)	-	-	-	-	-	(98,432)	(98,432)	-	(98,432)
At 30 June 2016 (unaudited)	381,535	13,915	2,956,817	97,047	255,967	7,240,345	10,945,626	30,133	10,975,759

Notes:

- The 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 year ended 31 December 2004 and the year ended 31 December 2012.
- The property revaluation reserve represents the reserve arising from revaluation of properties under property, plant and equipment upon transfer to investment properties.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	220,282	227,784
INVESTING ACTIVITIES		
Additional investments in available-for-sale investments	(3,187)	(1,936)
Purchase of property, plant and equipment	(4,295)	(1,359)
Addition of investment properties	(5,946)	–
Proceeds from disposal of investment properties	–	5,428
Proceeds from disposal of available-for-sale investments	293	–
Placement of fixed bank deposits with more than three months to maturity when raised	(426,416)	(734,719)
Release of fixed bank deposits with more than three months to maturity when raised	355,370	25,321
Disposal of subsidiaries	10,546	–
NET CASH USED IN INVESTING ACTIVITIES	(73,635)	(707,265)
FINANCING ACTIVITIES		
New borrowings raised	234,000	1,270,000
Repayments of borrowings	(307,068)	(957,747)
Dividend paid	(98,432)	(94,646)
Interest paid on borrowings	(28,456)	(40,873)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(199,956)	176,734
NET DECREASE IN CASH AND CASH EQUIVALENTS	(53,309)	(302,747)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,043,618	1,138,582
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(8,661)	5,669
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by bank balances and cash	981,648	841,504

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

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") and 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").

2. PRINCIPAL ACCOUNTING POLICIES

The financial information relating to the year ended 31 December 2015 that is included in the 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 (Cap. 622) (the "Companies Ordinance") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2015 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 independent auditor has reported on those consolidated financial statements. The independent auditor's report was unqualified; did not include a reference to any matters to which the independent 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.

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or 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. No operating segment identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

Specifically, the Group's operating and reportable segments under Hong Kong Financial Reporting Standard 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

3. SEGMENT INFORMATION *(continued)*

Segment revenue and results

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

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000
For the six months ended 30 June 2016			
Segment revenue	188,525	303,031	14,878
Comprising:			
— revenue from customers	186,905	303,031	9,364
— inter-segment transactions (note)	1,620	-	5,514
Operating expenses	(72,476)	(239,844)	(10,613)
Losses on changes in fair value on financial instruments at fair value through profit or loss ("FVTPL")	-	-	-
Net exchange gains (losses)	800	(7,385)	85
Gains on change in fair value of investment properties	68,664	-	-
Gains on disposal of available-for-sale investments	-	-	-
Gains on disposal of subsidiaries	-	-	-
Losses on disposal of property, plant and equipment	-	(6)	-
Segment profit	185,513	55,796	4,350
Finance costs			
Profit before tax			

Note: Inter-segment sales are charged at prevailing market rates.

Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
18,348	30,590	11,915	567,287	(7,134)	560,153
18,348	30,590	11,915			
-	-	-			
(4,336)	(27,455)	(12,009)	(366,733)	7,134	(359,599)
(384)	-	-	(384)	-	(384)
(5,909)	-	4	(12,405)	-	(12,405)
-	-	-	68,664	-	68,664
1,576	-	-	1,576	-	1,576
-	-	10,841	10,841	-	10,841
-	-	(588)	(594)	-	(594)
9,295	3,135	10,163	268,252	-	268,252
					(12,086)
					256,166

3. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

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

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000
For the six months ended 30 June 2015			
Segment revenue	191,028	33,021	13,915
Comprising:			
— revenue from customers	191,028	33,021	8,506
— inter-segment transactions (note)	—	—	5,409
Operating expenses	(63,479)	(19,985)	(13,883)
Gains on changes in fair value on financial instruments at FVTPL	—	—	—
Net exchange (losses) gains	(187)	141	(2)
Gains on change in fair value of investment properties	49,100	—	—
Segment profit (loss)	176,462	13,177	30
Finance costs			
Share of results of joint ventures			
Profit before tax			

Note: Inter-segment sales are charged at prevailing market rates.

Segment profit/loss represents the profit earned by/loss from each segment without allocation of share of results of joint ventures and finance costs. In addition, administrative costs incurred by the treasury investment segment on behalf of other segments are allocated to respective operating segments on the basis of revenues earned by individual operating segments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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	Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
68,981	29,708	22,191	358,844	(5,409)	353,435
68,981	29,708	22,191			
-	-	-			
(12,670)	(28,052)	(22,330)	(160,399)	5,409	(154,990)
8,297	-	-	8,297	-	8,297
10,051	-	-	10,003	-	10,003
-	-	-	49,100	-	49,100
74,659	1,656	(139)	265,845	-	265,845
					(40,873)
					(18)
					224,954

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about 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 those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value hierarchy			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
30 June 2016				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	12,634	-	-	12,634
Financial assets designated as at FVTPL	-	7,713	-	7,713
Available-for-sale financial assets				
Listed equity securities	271,538	-	-	271,538
Unlisted equity securities	-	-	337,532	337,532
Listed debt securities	-	52,296	-	52,296
Investment funds	-	-	53,318	53,318
Total	284,172	60,009	390,850	735,031

	Fair value hierarchy			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
31 December 2015				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	13,057	-	-	13,057
Financial assets designated as at FVTPL	-	7,674	-	7,674
Available-for-sale financial assets				
Listed equity securities	278,506	-	-	278,506
Unlisted equity securities	-	-	337,532	337,532
Listed debt securities	-	52,661	-	52,661
Investment funds	-	-	50,556	50,556
Total	291,563	60,335	388,088	739,986

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.

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(continued)*

The fair values of debt securities classified as available-for-sale investments 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 the debt 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 structured products designated as financial assets at FVTPL are calculated using discounted cash flows analysis derived from quoted interest rates, which are observable at the end of the reporting period.

The fair values of investment funds are determined by using valuation technique of market approach, which included some assumptions that are not supportable by observable market prices or rates. The inputs used in estimating the value of investment funds include the original transaction price, recent transactions and market multiple of the same or similar instruments, completed or pending third-party transactions in the underlying investment.

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

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

Reconciliation of Level 3 fair value measurements of financial assets

	Available-for-sale investments HK\$'000
Balance at 1 January 2016	388,088
Total net losses recognised in other comprehensive income	(425)
Purchases	3,187
Balance at 30 June 2016	390,850
	Available-for-sale investments HK\$'000
Balance at 1 January 2015	475,673
Total net losses recognised in other comprehensive income	(80,824)
Purchases	1,936
Balance at 30 June 2015	396,785

Included in other comprehensive income is a loss of HK\$425,000 (six months ended 30 June 2015: HK\$80,824,000) related to available-for-sale investments held at the end of the reporting period.

The majority of the Group's investments are valued based on quoted market information or observable market data. A small percentage, 3.0% (31 December 2015: 3.0%), of total assets of the Group, is based on estimates and recorded as Level 3 investments. Whilst such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not have a big impact on the Group's financial positions.

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements and valuation process

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

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed above.

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Gains on change in fair value of investment properties	68,664	49,100
Gains on disposal of available-for-sale investments	1,576	–
Gains on disposal of subsidiaries	10,841	–
Net exchange (losses) gains	(12,405)	10,003
(Losses) gains on changes in fair value of financial instruments at FVTPL	(384)	8,297
Losses on disposal of property, plant and equipment	(594)	–
	67,698	67,400

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
Current year	9,643	8,864
Overprovision in prior years	131	–
	9,774	8,864
The People's Republic of China (the "PRC")		
Enterprise Income Tax	16,476	3,833
Land Appreciation Tax ("LAT")	6,568	–
	23,044	3,833
Deferred taxation	4,680	1,041
	37,498	13,738

6. INCOME TAX EXPENSE (continued)

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.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Staff costs including directors' emoluments	42,941	40,303
Depreciation of property, plant and equipment	4,697	3,697
Operating lease rentals in respect of land and buildings	4,721	9,241

8. 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\$213,303,000 (six months ended 30 June 2015: HK\$205,070,000) and on 378,583,440 (30 June 2015: 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.

9. DIVIDENDS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2015 — HK\$0.26 per share (2015: declared and paid for 2014 HK\$0.25 per share)	98,432	94,646
Dividend declared in respect of current period:		
Interim dividend declared for 2016 — HK\$0.17 per share (2015: HK\$0.16 per share)	64,359	60,573

On 3 August 2016, the Board of Directors has approved an interim cash dividend of HK\$0.17 per share (2015: HK\$0.16 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 15 September 2016.

10. MOVEMENTS IN INVESTMENT PROPERTIES

On 30 June 2016 and 31 December 2015, independent valuations were undertaken by Vigers Appraisal & Consulting Ltd., an independent firm of professional valuers not connected to the Group which has appropriate professional qualifications and recent experience in the valuation 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 valuers' knowledge of the factors specific to the respective properties.

The resulting gains on change in fair value of investment properties of approximately HK\$68,664,000 (six months ended 30 June 2015: HK\$49,100,000) has been recognised directly in profit or loss.

11. INVESTMENTS IN SECURITIES

	Notes	Financial assets at FVTPL Held for trading at fair value HK\$'000	Designated at fair value HK\$'000	Available- for-sale investments HK\$'000	Total HK\$'000
30 June 2016					
Equity securities:					
Listed in Hong Kong		12,634	–	271,538	284,172
Unlisted	(a)	–	–	337,532	337,532
		12,634	–	609,070	621,704
Debt securities:					
Structured products	(b)	–	7,713	–	7,713
Other debt securities					
– Listed	(c)	–	–	52,296	52,296
		–	7,713	52,296	60,009
Investment funds:	(d)	–	–	53,318	53,318
Total:					
Listed in Hong Kong		12,634	–	323,834	336,468
Unlisted		–	7,713	390,850	398,563
		12,634	7,713	714,684	735,031
Market value of listed securities:					
Listed in Hong Kong		12,634	–	323,834	336,468
Analysed as:					
Non-current assets					722,260
Current assets					12,771
					735,031

11. INVESTMENTS IN SECURITIES (continued)

	Notes	Financial assets at FVTPL Held for trading HK\$'000	Designated at fair value HK\$'000	Available- for-sale investments HK\$'000	Total HK\$'000
31 December 2015					
Equity securities:					
Listed in Hong Kong		13,057	–	277,725	290,782
Listed overseas		–	–	781	781
		13,057	–	278,506	291,563
Unlisted	(a)	–	–	337,532	337,532
		13,057	–	616,038	629,095
Debt securities:					
Structured products	(b)	–	7,674	–	7,674
Other debt securities					
– Listed	(c)	–	–	52,661	52,661
		–	7,674	52,661	60,335
Investment funds	(d)	–	–	50,556	50,556
Total:					
Listed in Hong Kong		13,057	–	330,386	343,443
Listed overseas		–	–	781	781
Unlisted		–	7,674	388,088	395,762
		13,057	7,674	719,255	739,986
Market value of listed securities:					
Listed in Hong Kong		13,057	–	330,386	343,443
Listed overseas		–	–	781	781
		13,057	–	331,167	344,224
Analysed as:					
Non-current assets					726,789
Current assets					13,197
					739,986

Notes:

- (a) As at 30 June 2016, unlisted equity securities classified as available-for-sale investments held by the Group amounting to approximately HK\$337,532,000 (31 December 2015: HK\$337,532,000) are carried at fair value at the end of the reporting period.
- (b) As at 30 June 2016, structured deposits of HK\$7,713,000 (31 December 2015: HK\$7,674,000) held by the Group have maturity date in 2019 and carry interest rates at London Interbank Offered Rate. Such structured deposits are designated as financial assets at FVTPL.
- (c) As at 30 June 2016 and 31 December 2015, debt securities listed in Hong Kong comprised a perpetual capital securities issued in September 2014 with a fixed distribution rate of 6.5% per annum payable semi-annually for the first five years and reset to the prevailing 5-year U.S. Treasury plus the initial margin every five years thereafter.
- (d) The investment funds invest in unlisted equity securities issued by private entities incorporated in Asia Pacific region. They are measured at fair value at the end of the reporting period. Investment funds with less than 12 months operation period before voluntary liquidation from the end of reporting period are classified as current portion in the condensed consolidated statement of financial position. The Group has committed to contribute a pre-determined capital amount in these investment funds and the realised gains or losses of these funds are recognised in the profit or loss. These investment funds may call upon further capital contribution if required up to the pre-determined capital amount. There was no capital returned to the Group from the investment funds during the period/year.

12. TRADE AND OTHER RECEIVABLES

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade receivables	19,532	16,336
Deposits paid	38,408	20,504
Prepayments and other receivables	72,629	100,127
	130,569	136,967

The Group's credit policy allows its trade customers an average credit period of 30 – 90 days, other than proceeds from sales of properties which are settled in accordance with the sale and purchase agreements, normally within 60 days from the date of agreement.

The aged analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Within 30 days	5,807	6,606
Between 31 days to 90 days	10,190	6,272
Over 90 days	3,535	3,458
	19,532	16,336

13. TRADE AND OTHER PAYABLES

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade payables	8,590	11,483
Construction costs payables	108,823	111,895
Deposits received and receipts in advance in respect of rental of investment properties	44,448	33,470
Receipts in advance on properties sold	160,202	90,153
Other payables	20,751	26,929
	342,814	273,930

The trade payables of HK\$8,590,000 (31 December 2015: HK\$11,483,000) at the end of reporting period are aged within 30 days (31 December 2015: 30 days).

14. BORROWINGS

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Amounts due within one year		
– Bank borrowings	517,868	840,678
– Amount due to a joint venture	1,128	1,158
– Amounts due to non-controlling interests shareholders	19,833	19,936
	538,829	861,772
Amounts due after one year		
– Bank borrowings	725,550	489,717
	1,264,379	1,351,489

During the current period, the Group obtained bank loans of approximately HK\$234,000,000 (31 December 2015: HK\$1,470,000,000) and repaid bank loans of approximately HK\$306,935,000 (31 December 2015: HK\$2,997,711,000). As at 30 June 2016, except for a bank loan of HK\$234,000,000 (31 December 2015: nil) carries fixed interest rate of 4.96% per annum, all of the remaining bank loans are variable-rate borrowings which carry interest at Hong Kong Interbank Offered Rate or prevailing interest rates offered by the People's Bank of China, plus a margin. The effective interest rates ranged from 1.98% to 5.23% (31 December 2015: 1.73% to 6.78%) per annum. The proceeds were used for general working capital purposes.

15. CAPITAL COMMITMENTS

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– Property, plant and equipment/investment properties	3,709	8,789
– Contribution to the capital of investment funds	24,308	27,496

16. RELATED PARTY DISCLOSURES

(a) Related party transactions

The Group had no 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 2016 HK\$'000	2015 HK\$'000
Short-term benefits	24,132	23,075
Post-employment benefits	1,291	1,227
	25,423	24,302

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

Deloitte.

德勤

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 23, which comprise the condensed consolidated statement of financial position as of 30 June 2016 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 Main Board Listing 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 enquiries, 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

3 August 2016

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2016 of HK\$0.17 per share (2015: HK\$0.16 per share), payable on Tuesday, 27 September 2016 to the Company's shareholders registered on Thursday, 15 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 13 September 2016 to Thursday, 15 September 2016, 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, 12 September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended 30 June 2016, the unaudited consolidated profits of the Company and its subsidiaries (the "Group") amounted to approximately HK\$218.7 million, comparing to that of 2015 amounted to approximately HK\$211.2 million, representing an increase of 3.6%. The net changes were mainly due to the recognition of additional development profit from Foshan residential project and the decrease of bank interest income.

PROPERTY INVESTMENT

OVERALL RENTAL REVENUE

For the period ended 30 June 2016, the Group's recorded gross rental revenue of approximately HK\$186.9 million, slightly decreased by approximately HK\$4.1 million from approximately HK\$191.0 million in 2015, representing a decrease of 2%. The decrease of rental revenue of approximately HK\$7.6 million was relating to Shanghai Chong Hing Finance Center.

OVERALL OCCUPANCIES

The Group's occupancy from their major investment properties continued to maintain at approximately 93.4% as at 30 June 2016. If adding the leasing area of retail shops of The Grand Riviera in Foshan, the overall occupancies was lowered to approximately 84.9%.

HONG KONG 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 2016, Chong Hing Square generated rental revenue of approximately HK\$61.8 million with occupancy of 100% as at 30 June 2016. In order to enhance the long term value of this property, the management decided to make a substantial renovation to the building since it was built in 1994. Total renovation costs amounted to approximately HK\$60 million and all expenditures are funded by internal resources.

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 Company's use, the office building was leased to Chong Hing Bank Limited for 5 years with a monthly rental of HK\$5.66 million starting from 2014. For the period ended 30 June 2016, a total of approximately HK\$34.0 million rental revenue was derived from this building. Given the 5-year fixed tenancy, the rental revenue will be maintained stable in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROPERTY INVESTMENT *(continued)*

HONG KONG PROPERTIES *(continued)*

Chong Yip Centre

Chong Yip Centre is located at 402–404 Des Voeux Road West. It provides over 54,000 square feet of retail and commercial space. For the period ended 30 June 2016, this retail and commercial shopping center generated rental revenue of approximately HK\$10.5 million, decreased by approximately 3% when comparing to that of 2015. The occupancy was decreased to 73% as at 30 June 2016.

Fairview Court

Fairview Court is located at 94 Repulse Bay Road. It provides 5 units, each of areas over 4,100 square feet, luxury apartment on a low-rise building. For the period ended 30 June 2016, Fairview Court recorded rental revenue of approximately HK\$1.5 million. The occupancy was improved to 80% as at 30 June 2016.

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 space and 198 carparks, this property was approximately 90% let in terms of office space and 100% let in terms of retail space as at 30 June 2016. For the period ended 30 June 2016, this office building generated rental revenue of approximately HK\$75.7 million, representing a decrease of approximately 9%. The changes were due to the decrease of occupancy and the renminbi exchange translation loss.

PROPERTY DEVELOPMENT

HONG KONG

Western Harbour Centre

The previous office building, located at 181-183 Connaught Road West, was under construction to renovate into a 28-storey luxury hotel with carparking space at basement. Apart from providing 183 guest rooms, other facilities include lobby, restaurant, café area, gym room, spa room, fitness facility, multi-functions room, sky lounge bar and a wide variety of services and amenities. Each of the room size is ranging from 300 square feet to 960 square feet (vast suites). Due to the sizable guest room, it could provide comfortable accommodation and would be best fit to high-end travel shoppers, business travelers and the long-stay customers. Demolition work had commenced since fourth quarter of 2015. On schedule, the full operation will be taken place in first quarter of 2017. The total redevelopment cost of this hotel project amounted to approximately HK\$400 million and all expenditures are funded from internal resources.

Tai Po, New Territories

The Group had acquired a 262,000 square feet plots of land in Tai Po district, New Territories. The management has initiated the studies for rezoning and intends to seek eventual conversion of this land for future development.

PRC

Residential Project, Foshan

In 2007, the Group acquired a plot of land with site area of over 260,000 square metres in Luocun, Foshan through government land auction at a cash consideration of RMB476 million. This is a comprehensive development and will be developed by phases. Situated at 1 Guilong Road, Luocun in the Nanhai District of Foshan, it 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 (under construction).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

PROPERTY DEVELOPMENT (continued)

PRC (continued)

The Grand Riviera, Foshan

Phase 1 of the development consists of 12 blocks of 6–14 storey residential apartments with unit sizes ranging from 55 square metres to 380 square metres. The retail and commercial portion occupies approximately 8,600 square metres and other recreational facilities such as an outdoor swimming pool, gym, snooker room, table tennis room, karaoke rooms and card rooms. If including the carparking spaces mainly built at the basement level, total construction areas are over 181,000 square metres. Phase 1 provides 847 units and 1,126 carparking spaces.

As at 3 August 2016, a total of 497 residential units out of 847 total units (representing 59% of total units) were sold out fetching total sale revenue of approximately RMB385.2 million. For carparking spaces, a total of 236 units out of 1,126 total units (representing 21% of total units) were sold out fetching total sale revenue of approximately RMB29.9 million.

Grand Jardin, Foshan

Phase 2 of the development consists of 12 blocks of 14 storey residential apartments of 3 unit types, being 60, 90 and 120 square metres in size. If including the retail and commercial areas of approximately 2,100 square metres, other amenities areas of approximately 3,500 square metres and carparking spaces mainly built at the basement levels, the total developable area of Phase 2 is over 191,000 square metres.

As at 3 August 2016, a total of 1,437 residential units out of 1,542 total units (representing 93% of total units) were sold out fetching total sale revenue of approximately RMB852.4 million. For carparking space, a total of 115 units out of 1,106 total units (representing 10% of total units) were sold out fetching total sale revenue of approximately RMB12.3 million.

The Group continued the construction of Phase 3 Grand Jardin since 2015. For the Phase 3 development, it constructed 12 blocks of 14-storey residential flats above the ground. A total of 1,498 residential flat units with developable areas over 192,000 square metres and 1,204 car parking spaces mainly built at the basement levels. For the size of residential units, it provided four typical sizes with areas of 60, 90, 120 and 140 square metres. For Phase 3 development, the Group started the pre-sale in April 2016, with saleable areas of approximately 101,243 square metres, representing 1,111 residential flats units (74% of total units).

As at 3 August 2016, a total of 938 residential flat units, representing 84% of total flat units for pre-sale, were successfully sold out returning sale proceeds of approximately RMB621.6 million.

BUDGET HOTEL PROJECT

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. For the period ended 30 June 2016, hotel revenue decreased by 46% from approximately HK\$22.2 million in 2015 to approximately HK\$11.9 million in 2016. Due to the restructuring of the business strategy, the Group had ceased one and sold two budget hotels for the period under review. Having completed the disposal transactions with receiving total cash considerations of approximately HK\$12.0 million in May 2016, the Group recorded a gain on disposal of subsidiaries approximately HK\$10.8 million.

LOOKING AHEAD

The Group will continue to look for good investment opportunities in the year ahead, acting with prudence and diversity.

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

As at 30 June 2016, the long/short positions of each of the directors and chief executives and their associates in the shares and underlying shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of Part XV of the SFO, are set out below:

(I) LONG POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS THE COMPANY – LIU CHONG HING INVESTMENT LIMITED

Name of Director	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 controlled corporation)		
Dr. Liu Lit Mo, Chairman	795,600	—	138,326,710 (Notes 1 & 2)	139,122,310	36.75%
Mr. Liu Lit Chi, Managing Director and Chief Executive Officer	24,000	—	188,469,000 (Notes 1 & 3)	188,493,000	49.79%
Mr. Liu Kam Fai, Winston Deputy Managing Director	2,570,000	—	—	2,570,000	0.67%
Dr. Liu Lit Chung	—	—	132,326,710 (Note 1)	132,326,710	34.95%

Note 1: 132,326,710 shares in the Company are beneficially held by Liu's Holdings Limited, of which Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung are amongst its shareholders. The above numbers of shares are duplicated under the corporate interests for each of these directors.

Note 2: Eternal Wealth Limited, of which Dr. Liu Lit Mo and his associates are shareholders, beneficially holds 6,000,000 shares in the Company, and thus is included in the corporate interests of Dr. Liu Lit Mo.

Note 3: Alba Holdings Limited, of which Mr. Liu Lit Chi and his associates are shareholders, beneficially holds 56,142,290 shares in the Company, and thus is included in the corporate interests of Mr. Liu Lit Chi.

(II) SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Other than as stated above, as at 30 June 2016, no director, chief executive nor their associates of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or the underlying shares of equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2016, the following person (other than the directors or the chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company as follows:

Name of Substantial Shareholders	Capacity	No. of ordinary shares held	% of the issued share capital
Liu's Holdings Limited	Beneficial owner	132,326,710 (Note 1)	34.95%
Alba Holdings Limited	Beneficial owner	56,142,290 (Note 2)	14.83%

All interests disclosed above represent long positions in the shares of the Company.

Note 1: Liu's Holdings Limited, a private company incorporated in Hong Kong, of which Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung are amongst its shareholders. Such corporate interests are also disclosed in the sub-section under "Directors' Interests in Share Capital of the Company and its Associated Corporations".

Note 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 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 2016 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 2016, the Group employed a workforce of 340 (30 June 2015: 307). Staff cost for the period, include salaries, bonuses and allowances, were approximately HK\$42.9 million (30 June 2015: HK\$40.3 million).

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

SHARE OPTION SCHEME

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

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

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the period under review, the Company had 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 followings:

APPOINTMENTS, RE-ELECTION AND REMOVAL: ROTATION AT LEAST ONCE EVERY THREE YEARS

Code provision A.4.2 stipulates that every director shall be subject to retirement by rotation at least once every three years. Under the existing Company's articles of association, all directors are subject to retirement by rotation except the Managing Director who shall not be subject to retirement by rotation under Articles 113 of the Company's articles of association.

CHANGES OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Below are the changes of directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2015 Annual Report:

DIRECTORS' UPDATED INFORMATION

Dr. Cheng Mo Chi, Moses, an independent non-executive director of the Company, has been awarded Grand Bauhinia Medal by The Government of the Hong Kong Special Administrative Region on 1 July 2016.

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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

All directors have confirmed that they 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 to the Listing Rules throughout the review period.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2016, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in 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 2016 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 2016 will be dispatched to the shareholders of the Company and available on the above websites on or about 23 August 2016.

BOARD OF DIRECTORS

At the date of this interim report, the Board comprises the following Executive Directors: Dr. Liu Lit Mo (Chairman), Mr. Liu Lit Chi (Managing Director and Chief Executive Officer), Mr. Liu Kam Fai, Winston (Deputy Managing Director); Mr. Liu Kwun Shing, Christopher (also alternate director to Dr. Liu Lit Chung) and Mr. Lee Wai Hung; the following Non-executive Directors: Dr. Liu Lit Chung, Mr. Andrew Liu, Mr. Liu Chun Ning, Wilfred and Mr. Kho Eng Tjoan, Christopher and the following Independent Non-executive Directors: Dr. Cheng Mo Chi, Moses, Mr. Tong Tsin Ka, Mr. Au Kam Yuen, Arthur, Dr. Ma Hung Ming, John and Mr. Cheng Yuk Wo.

By Order of the Board

Dr. Liu Lit Mo

Chairman

Hong Kong, 3 August 2016