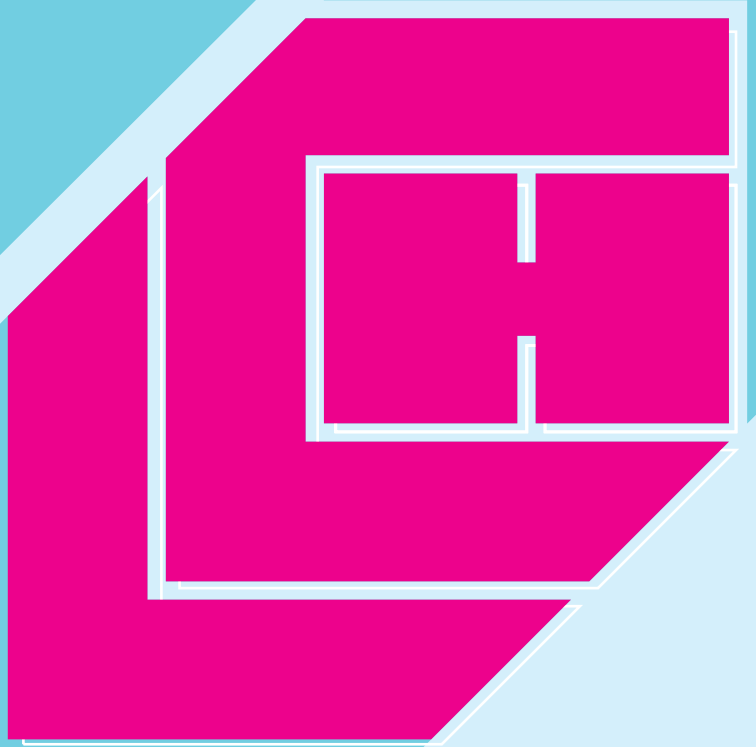




廖創興企業有限公司

Liu Chong Hing Investment Limited



STOCK CODE : 00194

2017
INTERIM REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. Liu Lit Mo, LLD, MBE, J.P.

(passed away on 12 July 2017)

Mr. Liu Lit Chi

(Chairman 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

(resigned on 8 March 2017)

Mr. Liu Chun Ning, Wilfred

(resigned on 9 May 2017)

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

(retired on 9 May 2017)

Mr. Au Kam Yuen, Arthur

Dr. Ma Hung Ming, John, PhD, BBS, J.P.

Mr. Cheng Yuk Wo

Msc (Econ), BA (Hons), CPA (Canada), CA, FCA, FCPA,

CPA (Practising)

COMPANY SECRETARY

Mr. Lee Wai Hung

AUDIT COMMITTEE

Mr. Cheng Yuk Wo (Chairman)

Dr. Cheng Mo Chi, Moses

Mr. Au Kam Yuen, Arthur

Mr. Lee Wai Hung (Secretary)

NOMINATION COMMITTEE

Mr. Liu Lit Chi (Chairman)

Mr. Kho Eng Tjoan, Christopher

Mr. Cheng Yuk Wo

Mr. Au Kam Yuen, Arthur

Dr. Ma Hung Ming, John

Mr. 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

Mr. Liu Kwun Shing, Christopher (Chairman)

Mr. Au Kam Yuen, Arthur

Dr. Ma Hung Ming, John

Mr. Liu Kam Fai, Winston

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 HONG KONG OFFICE

25th Floor, Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong
Tel: (852) 2983 7777
Fax: (852) 2983 7725

GUANGZHOU OFFICE

18A, Office Tower A
339 Huan Shi Dong Road
Yue Xiu District
Guangzhou, P.R.C.
Tel: (8620) 8375 8993
Fax: (8620) 8375 8071

SHANGHAI OFFICE

Room 3105, Chong Hing Finance Center
288 Nanjing Road West
Shanghai, P.R.C.
Tel: (8621) 6359 1000
Fax: (8621) 6327 6299

FOSHAN OFFICE

First Phase, The Grand Riviera
1 Guilong Road
Luocun Social Management Office,
Shishan Town
Nanhai District, Foshan
Guangdong Province, P.R.C.
Tel: (86757) 6386 0888
Fax: (86757) 6386 2218

SHAREHOLDERS' INFORMATION

FINANCIAL CALENDAR

As at 9 August 2017

Annual General Meeting	:	Held on 9 May 2017
Interim Results for six-month ended 30 June 2017	:	Announced on 9 August 2017
Dividends		
Interim cash dividend	:	HK\$0.18 per share
Payable on	:	29 September 2017
Ex-dividend date of interim dividend	:	15 September 2017
Latest time to lodge transfer forms	:	4:30 p.m. on 18 September 2017
Closure of Register of Members	:	From 19 September 2017 to 21 September 2017 (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 2017

	NOTES	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue		512,199	560,153
Direct costs		(222,610)	(276,872)
		289,589	283,281
Other income		3,170	3,006
Administrative and operating expenses		(91,424)	(85,733)
Other gains and losses	4	165,647	67,698
Finance costs		(10,708)	(12,086)
		356,274	256,166
Profit before tax		356,274	256,166
Income tax expense	5	(27,407)	(37,498)
		328,867	218,668
Profit for the period	6	328,867	218,668
Profit for the period attributable to:			
Owners of the Company		319,726	213,303
Non-controlling interests		9,141	5,365
		328,867	218,668
		328,867	218,668
Basic earnings per share	7	HK\$0.84	HK\$0.56

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	328,867	218,668
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation	113,955	(78,391)
Fair value gains (losses) on available-for-sale investments	27,725	(6,262)
Investment revaluation reserve reclassified to profit or loss in relation to impairment loss on available-for-sale investments	30,579	–
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 income (expense) for the period (net of tax)	172,259	(88,808)
Total comprehensive income for the period	501,126	129,860
Total comprehensive income attributable to:		
Owners of the Company	486,802	127,990
Non-controlling interests	14,324	1,870
	501,126	129,860

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	NOTES	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Non-current assets			
Investment properties	9	8,166,754	7,881,519
Property, plant and equipment		124,798	125,828
Properties under development		1,110,973	1,005,598
Interests in joint ventures		1,225	1,225
Investments in securities	10	679,665	651,653
Long term loan receivables		5,099	15,799
Fixed bank deposit with more than three months to maturity when raised		–	247,065
Deferred tax assets		5,807	5,807
		10,094,321	9,934,494
Current assets			
Properties under development for sale		1,210,370	954,969
Properties held for sale		468,927	622,481
Inventories		15,148	13,429
Trade and other receivables	11	195,293	127,489
Investments in securities	10	15,056	12,305
Taxation recoverable		25,604	14,989
Fixed bank deposits with more than three months to maturity when raised		730,273	775,857
Other bank balances and cash		1,676,853	1,265,226
		4,337,524	3,786,745
Current liabilities			
Trade and other payables	12	1,621,877	1,295,710
Taxation payable		11,908	960
Borrowings — due within one year	13	377,231	144,768
		2,011,016	1,441,438
Net current assets		2,326,508	2,345,307
Total assets less current liabilities		12,420,829	12,279,801

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

AS AT 30 JUNE 2017

	NOTES	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Non-current liabilities			
Rental deposits from tenants		91,349	91,094
Borrowings — due after one year	13	786,897	1,038,861
Deferred tax liabilities		232,096	226,910
		1,110,342	1,356,865
		11,310,487	10,922,936
Equity			
Share capital		381,535	381,535
Reserves		10,915,602	10,542,375
Equity attributable to:			
Owners of the Company		11,297,137	10,923,910
Non-controlling interests		13,350	(974)
Total equity		11,310,487	10,922,936

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	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 2016	381,535	13,915	2,956,817	104,592	333,735	7,125,474	10,916,068	28,263	10,944,331
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 8)	-	-	-	-	-	(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
Profit for the period	-	-	-	-	-	244,604	244,604	5,526	250,130
Exchange differences arising on translation	-	-	-	-	(151,048)	-	(151,048)	(10,563)	(161,611)
Fair value losses on available-for-sale investments	-	-	-	(71,114)	-	-	(71,114)	-	(71,114)
Investment revaluation reserve reclassified to profit or loss upon disposal of available-for-sale investments	-	-	-	(239)	-	-	(239)	-	(239)
Investment revaluation reserve reclassified to profit or loss in relation to impairment loss on available-for-sale investments	-	-	-	20,440	-	-	20,440	-	20,440
Other comprehensive expense for the period	-	-	-	(50,913)	(151,048)	-	(201,961)	(10,563)	(212,524)
Total comprehensive (expense) income for the period	-	-	-	(50,913)	(151,048)	244,604	42,643	(5,037)	37,606
Dividends recognised as distribution (note 8)	-	-	-	-	-	(64,359)	(64,359)	-	(64,359)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(26,070)	(26,070)
At 31 December 2016 (audited)	381,535	13,915	2,956,817	46,134	104,919	7,420,590	10,923,910	(974)	10,922,936

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	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			
Profit for the period	-	-	-	-	-	319,726	319,726	9,141	328,867
Exchange differences arising on translation	-	-	-	-	108,772	-	108,772	5,183	113,955
Fair value gains on available-for-sale investments	-	-	-	27,725	-	-	27,725	-	27,725
Investment revaluation reserve reclassified to profit or loss in relation to impairment loss on available-for-sale investments	-	-	-	30,579	-	-	30,579	-	30,579
Other comprehensive income for the period	-	-	-	58,304	108,772	-	167,076	5,183	172,259
Total comprehensive income for the period	-	-	-	58,304	108,772	319,726	486,802	14,324	501,126
Dividends recognised as distribution (note 8)	-	-	-	-	-	(113,575)	(113,575)	-	(113,575)
At 30 June 2017 (unaudited)	381,535	13,915	2,956,817	104,438	213,691	7,626,741	11,297,137	13,350	11,310,487

Notes:

- (a) 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.
- (b) 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 2017

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	287,484	220,282
INVESTING ACTIVITIES		
Additional investments in available-for-sale investments	(258)	(3,187)
Purchase of property, plant and equipment	(3,749)	(4,295)
Addition of investment properties	(18,722)	(5,946)
Proceeds from disposal of available-for-sale investments	-	293
Placement of fixed bank deposits with more than three months to maturity when raised	(45,501)	(426,416)
Release of fixed bank deposits with more than three months to maturity when raised	346,021	355,370
Disposal of subsidiaries	-	10,546
NET CASH FROM (USED IN) INVESTING ACTIVITIES	277,791	(73,635)
FINANCING ACTIVITIES		
New borrowings raised	382	234,000
Repayments of borrowings	(34,628)	(307,068)
Dividend paid	(113,575)	(98,432)
Interest paid on borrowings	(22,769)	(28,456)
NET CASH USED IN FINANCING ACTIVITIES	(170,590)	(199,956)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	394,685	(53,309)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,265,226	1,043,618
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	16,942	(8,661)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by bank balances and cash	1,676,853	981,648

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

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").

The financial information relating to the year ended 31 December 2016 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 2016 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.

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.

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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

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 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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 2017			
Segment revenue	179,128	261,436	15,749
Comprising:			
– revenue from customers	177,064	261,436	9,634
– inter-segment transactions (note)	2,064	-	6,115
Operating expenses	(72,642)	(191,950)	(10,335)
Gain on changes in fair value of investment properties	183,218	-	-
Gain on changes in fair value on financial instruments at fair value through profit or loss ("FVTPL")	-	-	-
Impairment loss recognised in respect of available-for-sale investments	-	-	-
Net exchange (losses) gains	(1,447)	11,257	(130)
Segment profit (loss)	288,257	80,743	5,284
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
23,308	35,365	5,392	520,378	(8,179)	512,199
23,308	35,365	5,392			
-	-	-			
(6,007)	(32,924)	(5,185)	(319,043)	8,179	(310,864)
-	-	-	183,218	-	183,218
2,732	-	-	2,732	-	2,732
(30,579)	-	-	(30,579)	-	(30,579)
604	-	(8)	10,276	-	10,276
(9,942)	2,441	199	366,982	-	366,982
					(10,708)
					356,274

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 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)
Gain on changes in fair value of investment properties	68,664	–	–
Loss on changes in fair value on financial instruments at FVTPL	–	–	–
Gain on disposal of available-for-sale investments	–	–	–
Gain on disposal of subsidiaries	–	–	–
Net exchange gains (losses)	800	(7,385)	85
Loss 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.

Segment profit/loss represents the profit earned by/loss from each segment without allocation of 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
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)
-	-	-	68,664	-	68,664
(384)	-	-	(384)	-	(384)
1,576	-	-	1,576	-	1,576
-	-	10,841	10,841	-	10,841
(5,909)	-	4	(12,405)	-	(12,405)
-	-	(588)	(594)	-	(594)
9,295	3,135	10,163	268,252	-	268,252
					(12,086)
					256,166

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Gain on changes in fair value of investment properties	183,218	68,664
Gain (loss) on changes in fair value of financial instruments at FVTPL	2,732	(384)
Gain on disposal of available-for-sale investments	-	1,576
Gain on disposal of subsidiaries	-	10,841
Impairment loss recognised in respect of available-for-sale investments	(30,579)	-
Net exchange gains (losses)	10,276	(12,405)
Loss on disposal of property, plant and equipment	-	(594)
	165,647	67,698

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	8,843	9,643
The People's Republic of China ("PRC") Enterprise Income Tax	7,071	16,476
	15,914	26,119
(Over)underprovision in prior years:		
Hong Kong Profits Tax	(10)	131
PRC Land Appreciation Tax ("LAT")	6,317	6,568
Deferred taxation	5,186	4,680
	27,407	37,498

Notes:

- Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.
- 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%.
- The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Staff costs including directors' emoluments	45,369	42,941
Depreciation of property, plant and equipment	5,326	4,697
Operating lease rentals in respect of land and buildings	3,103	4,721

7. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the profit for the period attributable to owners of the Company of HK\$319,726,000 (six months ended 30 June 2016: HK\$213,303,000) and on 378,583,440 (30 June 2016: 378,583,440) ordinary shares in issue during the period.

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

8. DIVIDENDS

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2016 — HK\$0.30 per share (2016: declared and paid for 2015 HK\$0.26 per share)	113,575	98,432
Dividend declared in respect of current period:		
Interim dividend declared for 2017 — HK\$0.18 per share (2016: HK\$0.17 per share)	68,145	64,359

On 9 August 2017, the Board of Directors has approved an interim cash dividend of HK\$0.18 per share (2016: HK\$0.17 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 21 September 2017.

9. MOVEMENTS IN INVESTMENT PROPERTIES

On 30 June 2017 and 31 December 2016, independent valuations were undertaken by Vigers Appraisal & Consulting Ltd., an independent qualified professional valuer not connected to the Group which has appropriate professional qualifications and recent experience in the valuations of similar properties in the relevant locations.

The valuations have been arrived at using direct comparison method by reference to market evidence of transaction prices for similar properties in the same locations and conditions or, where appropriate, by capitalising the market rentals of all lettable units of the properties by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the respective properties.

The resulting gain on changes in fair value of investment properties of approximately HK\$183,218,000 (six months ended 30 June 2016: HK\$68,664,000) has been recognised directly in profit or loss.

10. INVESTMENTS IN SECURITIES

	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
30 June 2017					
Equity securities:					
Listed in Hong Kong	(a)	14,955	-	283,224	298,179
Unlisted	(b)	-	-	266,622	266,622
		14,955	-	549,846	564,801
Debt securities:					
Structured products	(c)	-	7,717	-	7,717
Other debt securities — Listed	(d)	-	-	52,821	52,821
		-	7,717	52,821	60,538
Investment funds:	(e)	-	-	69,382	69,382
Total:					
Listed in Hong Kong		14,955	-	336,045	351,000
Unlisted		-	7,717	336,004	343,721
		14,955	7,717	672,049	694,721
Market value of listed securities:					
Listed in Hong Kong		14,955	-	336,045	351,000
Analysed as:					
Non-current assets					679,665
Current assets					15,056
					694,721

10. INVESTMENTS IN SECURITIES (continued)

	Notes	Financial assets at FVTPL		Available- for-sale investments	Total
		Held for trading HK\$'000	Designated at fair value HK\$'000	HK\$'000	HK\$'000
31 December 2016					
Equity securities:					
Listed in Hong Kong	(a)	12,203	–	257,446	269,649
Unlisted	(b)	–	–	265,522	265,522
		12,203	–	522,968	535,171
Debt securities:					
Structured products	(c)	–	7,737	–	7,737
Other debt securities – Listed	(d)	–	–	51,926	51,926
		–	7,737	51,926	59,663
Investment funds	(e)	–	–	69,124	69,124
Total:					
Listed in Hong Kong		12,203	–	309,372	321,575
Unlisted		–	7,737	334,646	342,383
		12,203	7,737	644,018	663,958
Market value of listed securities:					
Listed in Hong Kong		12,203	–	309,372	321,575
Analysed as:					
Non-current assets					651,653
Current assets					12,305
					663,958

Notes:

- (a) As at 30 June 2017, listed equity securities classified as available-for-sale investments held by the Group amounting to approximately HK\$283,224,000 (31 December 2016: HK\$257,446,000) are carried at fair value at the end of the reporting period. Due to a prolonged decline in the market price of the investment, an impairment loss of approximately HK\$30,579,000 was recognised in the profit or loss during the six months ended 30 June 2017.
- (b) As at 30 June 2017, unlisted equity securities classified as available-for-sale investments held by the Group amounting to approximately HK\$266,622,000 (31 December 2016: HK\$265,522,000) are carried at fair value at the end of the reporting period.
- (c) As at 30 June 2017, structured deposits of HK\$7,717,000 (31 December 2016: HK\$7,737,000) 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.
- (d) As at 30 June 2017 and 31 December 2016, 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 rate plus the initial margin every five years thereafter.
- (e) 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.

11. TRADE AND OTHER RECEIVABLES

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Trade receivables	22,893	25,632
Deposits paid	42,783	20,455
Loan receivables	14,164	11,475
Prepayments and other receivables	115,453	69,927
	195,293	127,489

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 terms of the sale and purchase agreements. The aged analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Within 30 days	6,323	8,078
Between 31 days to 90 days	12,040	11,350
Over 90 days	4,530	6,204
	22,893	25,632

12. TRADE AND OTHER PAYABLES

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Trade payables	7,961	7,874
Construction costs and retention payables	214,774	270,256
Deposits received and receipt in advance in respect of rental of investment properties	42,455	44,275
Receipt in advance on properties sold	1,337,500	948,843
Other payables	19,187	24,462
	1,621,877	1,295,710

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

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Within 30 days	7,961	7,874

13. BORROWINGS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Amounts due within one year		
– Bank borrowings	329,499	97,412
– Amount due to a joint venture	1,244	1,250
– Amounts due to non-controlling interests shareholders	46,488	46,106
	377,231	144,768
Amounts due after one year		
– Bank borrowings	786,897	1,038,861
	1,164,128	1,183,629

During the current period, the Group obtained bank loans of approximately HK\$Nil (31 December 2016: HK\$349,849,000) and repaid bank loans of approximately HK\$34,622,000 (31 December 2016: HK\$483,108,000). As at 30 June 2017, except for fixed-rate bank loans of HK\$230,441,000 (31 December 2016: HK\$223,589,000), 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 per annum. The effective interest rates ranged from 2.22% to 4.96% (31 December 2016: 2.46% to 4.96%) per annum. The proceeds were used for general working capital purposes.

14. CAPITAL COMMITMENTS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Property, plant and equipment/properties under development/investment properties	110,436	216,043
– Contribution to the capital of investment funds	23,457	23,715

15. 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			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
30 June 2017				
Financial assets at FVTPL				
Non-derivative financial assets held for trading	14,955	-	-	14,955
Financial assets designated as at FVTPL	-	7,717	-	7,717
Available-for-sale financial assets				
Listed equity securities	283,224	-	-	283,224
Unlisted equity securities	-	-	266,622	266,622
Listed debt securities	-	52,821	-	52,821
Investment funds	-	-	69,382	69,382
Total	298,179	60,538	336,004	694,721

	Fair value hierarchy			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	

31 December 2016

Financial assets at FVTPL

Non-derivative financial assets held for trading	12,203	-	-	12,203
Financial assets designated as at FVTPL	-	7,737	-	7,737

Available-for-sale financial assets

Listed equity securities	257,446	-	-	257,446
Unlisted equity securities	-	-	265,522	265,522
Listed debt securities	-	51,926	-	51,926
Investment funds	-	-	69,124	69,124
Total	269,649	59,663	334,646	663,958

There were no transfers between Levels 1, 2 and 3 during the period.

15. 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 listed equity securities are determined with reference to quoted market bid prices from relevant stock exchanges.

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 investments.

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 2017	334,646
Total net gains recognised in other comprehensive income	1,100
Purchases	258
Balance at 30 June 2017	336,004
	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

Included in other comprehensive income is a gain of HK\$1,100,000 (six months ended 30 June 2016: a loss of HK\$425,000) 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, 2.3% (31 December 2016: 2.4%), 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 significant impact on the Group's financial position.

15. 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.

16. RELATED PARTY DISCLOSURES

(a) Related party transactions

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Expenses paid and payable to directors of the Company or its affiliates	3,186	3,186
Rental expenses	420	1,596
Architecture and other consultancy service fee	420	1,596

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

(b) Compensation of key management personnel

The emoluments of key management personnel of the Group during the period were as follows:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Short-term benefits	31,161	24,132
Post-employment benefits	1,486	1,291
	32,647	25,423

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



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF LIU CHONG HING INVESTMENT LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Liu Chong Hing Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 24, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

9 August 2017



Making another century of impact
德勤百年慶 開創新紀元

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2017 of HK\$0.18 per share (2016: HK\$0.17 per share), payable on Friday, 29 September 2017 to the Company's shareholders registered on Thursday, 21 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 19 September 2017 to Thursday, 21 September 2017, 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, 18 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended 30 June 2017, the unaudited consolidated profits of the Company and its subsidiaries (the "Group") amounted to approximately of HK\$328.9 million, comparing to that of 2016 amounted to approximately of HK\$218.7 million, representing an increase of 50%. The net changes were mainly due to the increase in fair value of investment properties.

PROPERTY INVESTMENT OVERALL RENTAL REVENUE

For the period ended 30 June 2017, the Group recorded gross rental revenue of approximately HK\$177.1 million, decreased by approximately of HK\$9.8 million from approximately of HK\$186.9 million in 2016, representing a decrease of 5%. Major change was due to decrease of rental revenue from Shanghai Chong Hing Finance Center.

OVERALL OCCUPANCIES

The Group's overall occupancy from major investment properties continued to maintain at 88.7% as at 30 June 2017.

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 2017, Chong Hing Square generated rental revenue of approximately HK\$60.7 million with occupancy of 96% as at 30 June 2017. The management had commenced a substantial renovation work to the building for the purpose of increasing the capital value of the property. Renovation work came to the final stage and scheduled to be completed in third quarter of 2017. Upon completion of the renovation, the management expected to provide better services to tenants and the customers. Total renovation costs amounted to approximately of HK\$64 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 fixed tenancy with option to renew for another 5 years. For the period ended 30 June 2017, a total of approximately HK\$34 million rental revenue was derived from this building.

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 2017, this retail and commercial shopping center generated rental revenue of approximately HK\$10 million, decreased by 4.6% when comparing to that of 2016. The occupancy was decreased to 70% as at 30 June 2017. The management had been studying different renovation proposals to upgrade this building for the purpose of gaining better rental return.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROPERTY INVESTMENT *(continued)*

HONG KONG PROPERTIES *(continued)*

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 2017, Fairview Court recorded rental revenue of approximately HK\$1.2 million with 100% occupancy.

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. For the period ended 30 June 2017, this office building generated rental revenue of approximately HK\$67.7 million, representing a decrease of 10.6%. The change was mainly due to the decrease of occupancy.

PROPERTY DEVELOPMENT

HONG KONG

ONE-EIGHT-ONE Hotel & Serviced Residences

The previous office building (formerly known as Western Harbour Center), located at 181-183 Connaught Road West, was under construction to convert into a 183-room hotel and serviced residences. Construction work began in the last quarter of 2015. Due to the delay in construction, the hotel was scheduled to complete in Q4 2017. Total renovation costs amounted to approximately of HK\$460 million and all expenditures are funded by internal resources.

Tai Po, New Territories

The Group had acquired a plot of land with 262,000 square feet in Tai Po district, New Territories. The management has initiated the studies for the future development of this agriculture land.

PRC

The Grand Riviera, Foshan

This comprehensive development situated at 1 Guilong Road, Luocun in the Nanhai District of Foshan, is conveniently located within half an hour's drive from the Foshan financial district and within 5 minutes' drive from the new Foshan West Station.

Development Status

The Foshan residential project is a comprehensive development and it was developed by phases. As at today, Phase 1 and 2 were completed. Phase 3 was practically completed and it was ready to handover for occupation in October 2017. For Phase 4, it already commenced construction in Q3 2016 and scheduled to complete in 2018.

Financial and Sale results

For the period ended 30 June 2017, the Group recorded sale revenue of approximately HK\$261.4 million, decreased by approximately of HK\$41.6 million from approximately of HK\$303 million in 2016, representing a decrease of 13.7%. However, due to the increase of selling price, the Group recorded an increase of gross profit from approximately of HK\$73.4 million to approximately of HK\$84.7 million, representing 15.4% up.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

PROPERTY DEVELOPMENT (continued)

PRC (continued)

The Grand Riviera, Foshan (Phase 1)

As at 9 August 2017, a total of 782 residential flat units (representing 92% of the total units) were successfully sold out fetching total sale proceeds of approximately RMB702.1 million.

The Group has also started to sell car parks in the second quarter of 2013. As at 9 August 2017, 352 car parking units (representing 31% of the total units) were successfully sold out, fetching total sale proceeds of approximately RMB48.7 million.

Grand Jardin, Foshan (Phase 2 and 3)

As at 9 August 2017, all 1,542 residential units of Phase 2 were successfully sold out returning sale proceeds of approximately RMB932.3 million. Besides, 400 car parking units (representing 36% of the total units for sale) were successfully sold out, fetching total sale proceeds of approximately RMB57.3 million.

For Phase 3, all 1,498 residential units were successfully sold out returning sale proceeds of approximately RMB1,130.8 million. On schedule, the construction of Phase 3 will be completed and is ready to handover for occupation by the end of 2017. As such, the sale results of Phase 3 will be recognized in the second half of 2017.

Grand Jardin, Foshan (Phase 4)

For Phase 4 development, it constructed 11 blocks of 14-storey residential flats above the ground. It provides 1,380 residential units with developable areas over 156,000 square meters. Including the retail and commercial areas of approximately 5,900 square meters, other amenities areas of approximately 7,700 square meters and 1,227 car parking spaces mainly built at the basement level, the total developable areas of Phase 4 is over 216,000 square meters. For the size of residential units, it provided four typical sizes with areas of 90, 100, 130 and 140 square meters. Construction work was commenced since the third quarter of 2016.

As at today, a total of 622 units (representing 99% of the total units put up for pre-sale) were successfully sold out, fetching total sale proceeds of approximately RMB751.6 million.

If all of the remaining (unsold) properties including residential units, retail shops and car parks, could be sold under the current market situation with estimated selling price, the Group could receive further total sale proceeds of approximately HK\$3 billion.

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 2017, hotel revenue decreased by 55% from approximately of HK\$11.9 million in 2016 to approximately HK\$5.4 million in 2017. 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.

FUTURE AND CHALLENGE

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

However, the biggest challenge to our group in the year ahead is the continuing growth of the China's economy and the promulgation of any new policy to tighten the transaction price of real estate market. In the last couple of months, many new measures including 'price ceiling' and 'restricted purchase' arrangements had been introduced in different major cities in order to crack down the overheated property price. If such measures keep continuing, it will undoubtedly affect our sale revenue in the Foshan residential project.

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

As at 30 June 2017, 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	795,600	–	138,326,710 (Notes 1 & 2)	139,122,310	36.75%
Mr. Liu Lit Chi, Chairman and Chief Executive Officer	24,000	–	192,003,000 (Notes 1 & 3)	192,027,000	50.72%
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 59,676,290 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 2017, 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 2017, 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 was 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	59,676,290 (Note 2)	15.76%

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 2017 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 2017, the Group employed a workforce of 448 (30 June 2016: 419). Staff cost for the period, include salaries, bonuses and allowances, were approximately HK\$45.3 million (30 June 2016: HK\$42.9 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 1% 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:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER: CLEAR DIVISION OF RESPONSIBILITIES

The roles of Chairman and Chief Executive Officer of the Company have not been segregated as required by the code provision A.2.1 of the Code. The Board considers this arrangement is in the best interest of the Company that by nature of the group's business which requires considerable market expertise and Mr. Liu Lit Chi, with his profound expertise in the real estate market, shall continue in his dual capacity as the Chairman and Chief Executive Officer.

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 Chief Executive Officer 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 2016 Annual Report:

DIRECTORS' UPDATED INFORMATION

The Board of Directors announces with great sadness that Dr. Liu Lit Mo, Chairman and Executive Director of the Company, passed away on 12 July 2017.

Mr. Liu Lit Chi, Chief Executive Officer, has been elected to serve the Chairman of the Board with effect from 9 August 2017.

Mr. Cheng Yuk Wo, an independent non-executive director of the Company, joined Somerley Capital Holdings Limited since 9 March 2017 and Mr. Cheng had been appointed as an independent non-executive director of that company following its listing on the Growth Enterprise Market of the Stock Exchange in Hong Kong on 27 March 2017.

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 2017, 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 2017 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 2017 will be dispatched to the shareholders of the Company and available on the above websites on or about 29 August 2017.

BOARD OF DIRECTORS

At the date of this announcement, the Board comprises the following Executive Directors: Mr. Liu Lit Chi (Chairman 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 and Mr. Kho Eng Tjoan, Christopher and the following Independent Non-executive Directors: Dr. Cheng Mo Chi, Moses, Mr. Au Kam Yuen, Arthur, Dr. Ma Hung Ming, John and Mr. Cheng Yuk Wo.

By Order of the Board

Mr. Liu Lit Chi

Chairman and Chief Executive Officer

Hong Kong, 9 August 2017