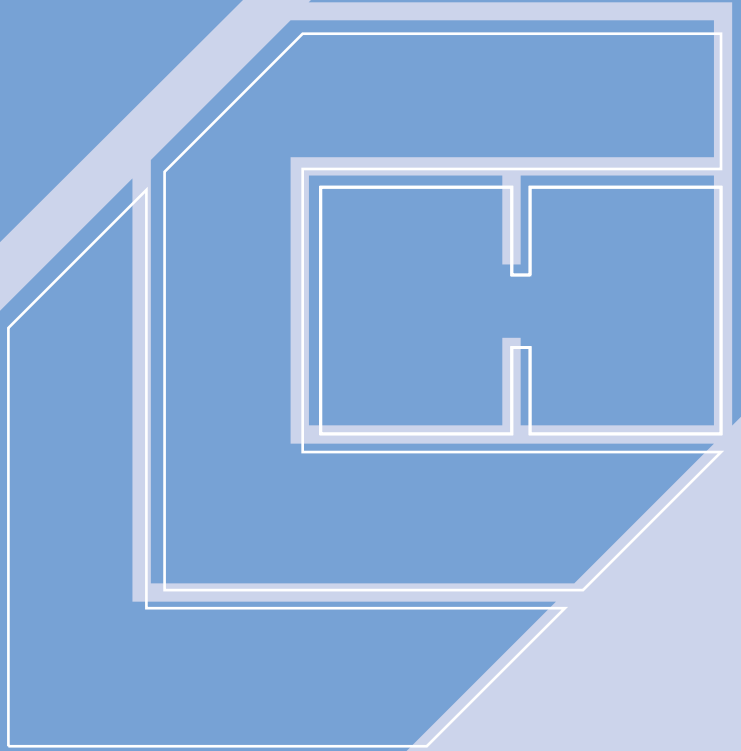




廖創興企業有限公司

Liu Chong Hing Investment Limited



STOCK CODE : 00194

2018  
INTERIM REPORT

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS

Mr. Liu Lit Chi  
*(Chairman, Managing Director and  
Chief Executive Officer)*

Mr. Liu Kam Fai, Winston  
*(Deputy Managing Director)*

Mr. 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. 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. Au Kam Yuen, Arthur

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

Mr. Cheng Yuk Wo  
Msc (Econ), BA (Hons), CPA (Canada), CA, FCA, FCPA,  
CPA (Practising)

Mr. Tong Tsun Sum, Eric  
CA(Aust), CPA (Practising), CFE

#### COMPANY SECRETARY

Mr. Lee Wai Hung

### AUDIT COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*

Dr. Cheng Mo Chi, Moses

Mr. Au Kam Yuen, Arthur

Mr. Tong Tsun Sum, Eric

Mr. Lee Wai Hung *(Secretary)*

### NOMINATION COMMITTEE

Mr. Liu Lit Chi *(Chairman)*

Mr. Kho Eng Tjoan, Christopher

Mr. Cheng Yuk Wo

Mr. Au Kam Yuen, Arthur

Dr. Ma Hung Ming, John

Mr. Tong Tsun Sum, Eric

Mr. Lee Wai Hung *(Secretary)*

### REMUNERATION COMMITTEE

Dr. 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 Solicitors & Notaries  
P.C. Woo & Co.  
Kwan & Chow Solicitors

## **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  
MUFG Bank, Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
United Overseas Bank Limited  
Wing Lung Bank Limited

## **REGISTERED OFFICE**

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24 Des Voeux Road Central  
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Tel: (852) 2983 7777  
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Email: info@lchi.com.hk

## **GUANGZHOU OFFICE**

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

## **SHANGHAI OFFICE**

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288 Nanjing Road West  
Shanghai, PRC  
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Fax: (8621) 6327 6299  
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## **FOSHAN OFFICE**

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

## SHAREHOLDERS' INFORMATION

### FINANCIAL CALENDAR

#### As at 8 August 2018

<b>Annual General Meeting</b>	:	Held on 15 May 2018
<b>Interim Results for six-month ended 30 June 2018</b>	:	Announced on 8 August 2018
<b>Dividends</b>		
Interim cash dividend	:	HK\$0.22 per share
Payable on	:	14 September 2018
<b>Ex-dividend date of interim dividend</b>	:	31 August 2018
<b>Latest time to lodge transfer forms</b>	:	4:30 p.m. on 3 September 2018
<b>Closure of Register of Members</b>	:	From 4 September 2018 to 6 September 2018 (both days inclusive)
<b>Share Registrars and transfer office</b>	:	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong
<b>Share listing</b>	:	The Company's shares are listed on The Stock Exchange of Hong Kong Limited
<b>Stock Code</b>	:	00194
<b>Board lot</b>	:	2,000 shares
<b>No. of issued ordinary share</b>	:	378,583,440 shares
<b>Company's e-mail address</b>	:	info@lchi.com.hk
<b>Investors and Shareholders contact</b>	:	Attention: Mr. Lee Wai Hung/Ms. Hilda Chan 23rd Floor, Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong Tel: (852) 2983 7779 Fax: (852) 2983 7723 Website: <a href="http://www.lchi.com.hk">http://www.lchi.com.hk</a>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	NOTES	<b>Six months ended 30 June</b>	
		<b>2018</b>	2017
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
Revenue	3A	<b>461,637</b>	512,199
Direct costs		<b>(167,642)</b>	(222,610)
		<b>293,995</b>	289,589
Other income		<b>7,949</b>	3,170
Administrative and operating expenses		<b>(91,081)</b>	(91,424)
Other gains and losses	4	<b>201,662</b>	165,647
Finance costs		<b>(11,839)</b>	(10,708)
Share of results of a joint venture		<b>38,614</b>	–
Profit before tax		<b>439,300</b>	356,274
Income tax expense	5	<b>(29,675)</b>	(27,407)
Profit for the period	6	<b>409,625</b>	328,867
Profit for the period attributable to:			
Owners of the Company		<b>403,714</b>	319,726
Non-controlling interests		<b>5,911</b>	9,141
		<b>409,625</b>	328,867
Basic earnings per share	7	<b>HK\$1.07</b>	HK\$0.84

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Profit for the period	<b>409,625</b>	328,867
Other comprehensive (expense) income		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value losses on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	<b>(24,526)</b>	–
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation	<b>(36,021)</b>	113,955
Fair value gains on available-for-sale investments	–	27,725
Investment revaluation reserve reclassified to profit or loss in relation to impairment loss on available-for-sale investments	–	30,579
Other comprehensive (expense) income for the period (net of tax)	<b>(60,547)</b>	172,259
Total comprehensive income for the period	<b>349,078</b>	501,126
Total comprehensive income attributable to:		
Owners of the Company	<b>344,723</b>	486,802
Non-controlling interests	<b>4,355</b>	14,324
	<b>349,078</b>	501,126

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	NOTES	<b>30 June 2018 HK\$'000 (unaudited)</b>	31 December 2017 HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties	9	<b>8,580,423</b>	8,392,900
Property, plant and equipment		<b>123,836</b>	125,804
Properties under development		<b>1,243,192</b>	1,207,006
Interest in a joint venture		<b>227,359</b>	192,210
Investments in securities	10	<b>655,705</b>	690,486
Long term loan receivables		<b>1,126</b>	4,763
Deferred tax assets		<b>3,850</b>	3,850
		<b>10,835,491</b>	10,617,019
<b>Current assets</b>			
Properties under development for sale		<b>782,598</b>	659,998
Properties held for sale		<b>444,773</b>	555,975
Inventories		<b>28,275</b>	26,949
Trade and other receivables	11	<b>180,076</b>	115,285
Investments in securities	10	<b>24,398</b>	16,793
Derivative financial instruments		<b>–</b>	26
Taxation recoverable		<b>49,951</b>	20,706
Fixed bank deposits with more than three months to maturity when raised		<b>564,754</b>	359,796
Other bank balances and cash		<b>2,001,411</b>	2,162,588
		<b>4,076,236</b>	3,918,116
<b>Current liabilities</b>			
Trade and other payables	12	<b>554,474</b>	1,001,766
Taxation payable		<b>47,867</b>	100,005
Borrowings — due within one year	13	<b>145,477</b>	383,655
Contract liabilities		<b>990,831</b>	–
Derivative financial instruments		<b>400</b>	–
		<b>1,739,049</b>	1,485,426
Net current assets		<b>2,337,187</b>	2,432,690
Total assets less current liabilities		<b>13,172,678</b>	13,049,709

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)

AS AT 30 JUNE 2018

	NOTES	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Rental deposits from tenants		63,527	98,597
Borrowings — due after one year	13	825,727	864,345
Derivative financial instruments		5,300	790
Deferred tax liabilities		249,176	247,102
		<b>1,143,730</b>	1,210,834
		<b>12,028,948</b>	11,838,875
<b>Equity</b>			
Share capital		381,535	381,535
Reserves		11,603,872	11,418,154
Equity attributable to:			
Owners of the Company		11,985,407	11,799,689
Non-controlling interests		43,541	39,186
<b>Total equity</b>		<b>12,028,948</b>	11,838,875



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to owners of the Company								
	Share capital HK\$'000	Special reserve HK\$'000 (note a)	Property revaluation reserve HK\$'000 (note b)	FVTOCI reserve/ investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2017	381,535	13,915	2,956,817	46,134	104,919	7,420,590	10,923,910	(974)	10,922,936
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
Profit for the period	-	-	-	-	-	425,162	425,162	19,787	444,949
Exchange differences arising on translation	-	-	-	-	126,040	-	126,040	6,049	132,089
Fair value gains on available-for-sale investments	-	-	-	10,214	-	-	10,214	-	10,214
Investment revaluation reserve reclassified to profit or loss in relation to impairment loss on available-for-sale investments	-	-	-	9,281	-	-	9,281	-	9,281
Other comprehensive income for the period	-	-	-	19,495	126,040	-	145,535	6,049	151,584
Total comprehensive income for the period	-	-	-	19,495	126,040	425,162	570,697	25,836	596,533
Dividends recognised as distribution (note 8)	-	-	-	-	-	(68,145)	(68,145)	-	(68,145)
At 31 December 2017 (audited)	381,535	13,915	2,956,817	123,933	339,731	7,983,758	11,799,689	39,186	11,838,875

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to owners of the Company								
	Share capital HK\$'000	Special reserve HK\$'000 (note a)	Property revaluation reserve HK\$'000 (note b)	FVTOCI reserve/ investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Profit for the period	-	-	-	-	-	403,714	403,714	5,911	409,625
Exchange differences arising on translation	-	-	-	-	(34,465)	-	(34,465)	(1,556)	(36,021)
Fair value losses on investments in equity instruments at FVTOCI	-	-	-	(24,526)	-	-	(24,526)	-	(24,526)
Other comprehensive expense for the period	-	-	-	(24,526)	(34,465)	-	(58,991)	(1,556)	(60,547)
Total comprehensive (expense) income for the period	-	-	-	(24,526)	(34,465)	403,714	344,723	4,355	349,078
FVTOCI reserve reclassified to accumulated profits upon disposal of equity instruments at FVTOCI	-	-	-	1,339	-	(1,339)	-	-	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	(159,005)	(159,005)	-	(159,005)
At 30 June 2018 (unaudited)	381,535	13,915	2,956,817	100,746	305,266	8,227,128	11,985,407	43,541	12,028,948

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 2018

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	<b>622,218</b>	478,401
INVESTING ACTIVITIES		
Purchase of		
– equity instruments at FVTOCI	<b>(221)</b>	–
– available-for-sale investments	–	(258)
Purchase of property, plant and equipment	<b>(3,940)</b>	(3,749)
Repayment from a joint venture	<b>3,465</b>	–
Addition of investment properties	<b>(3,767)</b>	(18,722)
Addition of properties under development	<b>(36,186)</b>	(105,375)
Proceeds from disposal of equity instruments at FVTOCI	<b>2,609</b>	–
Placement of fixed bank deposits with more than three months to maturity when raised	<b>(718,762)</b>	(45,501)
Release of fixed bank deposits with more than three months to maturity when raised	<b>513,804</b>	346,021
NET CASH (USED IN) FROM INVESTING ACTIVITIES	<b>(242,998)</b>	172,416
FINANCING ACTIVITIES		
New borrowings raised	–	382
Repayments of borrowings	<b>(274,386)</b>	(34,628)
Dividend paid	<b>(159,005)</b>	(113,575)
Interest paid on borrowings	<b>(19,294)</b>	(22,769)
NET CASH USED IN FINANCING ACTIVITIES	<b>(452,685)</b>	(170,590)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<b>(73,465)</b>	480,227
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>1,966,500</b>	1,041,446
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<b>(13,189)</b>	16,942
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>1,879,846</b>	1,538,615
Represented by:		
Other bank balances and cash	<b>2,001,411</b>	1,676,853
Less : restricted bank deposits included in other bank balances	<b>(121,565)</b>	(138,238)
	<b>1,879,846</b>	1,538,615

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial information relating to the year ended 31 December 2017 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (the "Companies Ordinance").

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

#### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs and interpretation have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations. HKFRS 15 applies to all contracts with customers except for leases within the scope of HKAS 17 *Leases*.

#### 2.1.1 *Key changes in accounting policies resulting from application of HKFRS 15*

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers *(continued)*

#### 2.1.2 Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018
		HK\$'000	HK\$'000	HK\$'000
<b>Current Liabilities</b>				
Trade and other payables	(a)	1,001,766	(475,327)	526,439
Contract liabilities	(a)	–	475,327	475,327

Note:

- (a) As at 1 January 2018, deposits received in advance from customers on properties sold of HK\$475,327,000 previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

	Note	As reported	Adjustments	Amounts without application of HKFRS 15
		HK\$'000	HK\$'000	HK\$'000
<b>Current Liabilities</b>				
Trade and other payables	(a)	554,474	990,831	1,545,305
Contract liabilities	(a)	990,831	(990,831)	–

Note:

- (a) As at 30 June 2018, deposits received in advance from customers on properties sold of HK\$990,831,000 included in trade and other payables were classified to contract liabilities.

Except as described above, the application of HKFRS 15 has had no material impact on the timing and amounts of revenue recognised in the condensed consolidated financial statements.

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments (continued)*

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

##### *Classification and measurement of financial assets*

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments designated as at fair value through other comprehensive income ("FVTOCI") At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated profits.

##### *Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

##### *Impairment under ECL model*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments (continued)*

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(continued)*

##### *Impairment under ECL model (continued)*

###### Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

###### Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. Based on the assessment by the directors of the Company, there has had no material impairment was recognised at 1 January 2018.



## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments (continued)*

#### 2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

Notes	Available- for-sale HK\$'000	Financial assets designated at FVTPL HK\$'000	Financial assets required by HKAS 39/ HKFRS 9 HK\$'000	Equity instruments at FVTOCI HK\$'000
Closing balance at 31 December 2017				
— HKAS 39	682,849	7,737	—	—
Effect arising from initial application of HKFRS 9:				
Reclassification				
From available-for-sale (a)	(682,849)	—	—	682,849
From designated at FVTPL (b)	—	(7,737)	7,737	—
Opening balance at 1 January 2018	—	—	7,737	682,849

Notes:

#### (A) AVAILABLE-FOR-SALE INVESTMENTS

##### From available-for-sale equity investments to FVTOCI

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK\$682,849,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI. The fair value gains of HK\$123,933,000 relating to those investments previously carried at fair value continued to accumulate in FVTOCI reserve.

#### (B) FINANCIAL ASSETS AT FVTPL AND/OR DESIGNATED AT FVTPL

At the date of initial application, the Group no longer applied designation as measured at FVTPL for the portfolio of financial assets which is managed and its performance is evaluated on a fair value basis, as these financial assets are required to be measured at FVTPL under HKFRS 9. As a result, the fair value of these investments of HK\$7,737,000 were reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

Remaining investments are equity securities held for trading and derivatives which are required to be classified as FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

Except as described above, the application of other amendments to HKFRSs and interpretation 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.

### 3A. REVENUE

An analysis of the Group's revenue is as follows:

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Property investment	<b>182,842</b>	177,064
Property development	<b>173,692</b>	261,436
Property management	<b>10,333</b>	9,634
Treasury investment		
— Interest income	<b>22,139</b>	16,368
— Dividend income	<b>24,207</b>	6,940
Trading and manufacturing	<b>42,679</b>	35,365
Hotel operation	<b>5,745</b>	5,392
	<b>461,637</b>	512,199

For the six months ended 30 June 2018

	<b>Property investment</b>	<b>Property development</b>	<b>Property management</b>	<b>Treasury investment</b>	<b>Trading and manufacturing</b>	<b>Hotel operation</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Geographical markets</b>						
Hong Kong	106,397	–	10,333	30,648	–	–
The People's Republic of China ("PRC")	76,445	173,692	–	15,698	42,679	5,745
<b>Total</b>	182,842	173,692	10,333	46,346	42,679	5,745
<b>Timing of revenue recognition</b>						
A point in time	–	173,692	–	24,207	42,679	–
Over time	182,842	–	10,333	22,139	–	5,745
<b>Total</b>	182,842	173,692	10,333	46,346	42,679	5,745

### 3B. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resources allocation or assessment of segment performance focuses on types of goods and services delivered or provided. 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 HKFRS 8 *Operating Segments* are as follows:

1. Property investment — investment and letting of properties
2. Property development — development and sale of properties
3. Property management — provision of property management services
4. Treasury investment — dealings and investments in securities and other financial instruments
5. Trading and manufacturing — manufacture and sale of magnetic products
6. Hotel operation — management and operation of hotels

### 3B. SEGMENT INFORMATION *(continued)*

#### Segment revenue and results

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

	<b>Property investment HK\$'000</b>	<b>Property development HK\$'000</b>	<b>Property management HK\$'000</b>
<b>For the six months ended 30 June 2018</b>			
Segment revenue	<b>184,965</b>	<b>173,692</b>	<b>16,956</b>
Comprising:			
— revenue from customers	<b>182,842</b>	<b>173,692</b>	<b>10,333</b>
— inter-segment transactions (note)	<b>2,123</b>	<b>-</b>	<b>6,623</b>
Operating expenses	<b>(63,045)</b>	<b>(129,375)</b>	<b>(9,641)</b>
Gain on changes in fair value of investment properties	<b>208,766</b>	<b>-</b>	<b>-</b>
Loss on changes in fair value of financial assets at FVTPL	<b>-</b>	<b>-</b>	<b>-</b>
Loss on changes in fair value of derivative financial instruments	<b>-</b>	<b>-</b>	<b>-</b>
Net exchange gains (losses)	<b>296</b>	<b>(3,566)</b>	<b>41</b>
Loss on disposal of property, plant and equipment	<b>-</b>	<b>(14)</b>	<b>-</b>
Segment profit	<b>330,982</b>	<b>40,737</b>	<b>7,356</b>
Share of results of a joint venture			
Finance costs			
Profit before tax			

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

Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
46,346	42,679	5,745	470,383	(8,746)	461,637
46,346	42,679	5,745			
-	-	-			
(12,040)	(39,803)	(5,616)	(259,520)	8,746	(250,774)
-	-	-	208,766	-	208,766
(211)	-	-	(211)	-	(211)
(4,910)	-	-	(4,910)	-	(4,910)
1,260	-	-	(1,969)	-	(1,969)
-	-	-	(14)	-	(14)
30,445	2,876	129	412,525	-	412,525
					38,614
					(11,839)
					439,300

**3B. 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
<b>For the six months ended 30 June 2017</b>			
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 of financial assets at 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 transactions are charged at prevailing market prices.

Segment profit/loss represents the profit earned by/loss from each segment without allocation of share of results of a joint venture and finance costs. In addition, the Group's administrative costs 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
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

#### 4. OTHER GAINS AND LOSSES

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Gain on changes in fair value of investment properties	<b>208,766</b>	183,218
(Loss) gain on changes in fair value of financial assets at FVTPL	<b>(211)</b>	2,732
Loss on changes in fair value of derivative financial instruments	<b>(4,910)</b>	–
Impairment loss recognised in respect of available-for-sale investments	–	(30,579)
Net exchange (losses) gains	<b>(1,969)</b>	10,276
Loss on disposal of property, plant and equipment	<b>(14)</b>	–
	<b>201,662</b>	165,647

#### 5. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	<b>7,911</b>	8,843
PRC Enterprise Income Tax	<b>15,348</b>	7,071
	<b>23,259</b>	15,914
Under(over)provision in prior years:		
Hong Kong Profits Tax	–	(10)
PRC Enterprise Income Tax	<b>140</b>	–
	<b>140</b>	(10)
PRC Land Appreciation Tax ("LAT")	<b>4,200</b>	6,317
Deferred taxation	<b>2,076</b>	5,186
	<b>29,675</b>	27,407

Notes:

- (a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.
- (b) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.
- (c) The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

## 6. PROFIT FOR THE PERIOD

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Profit for the period has been arrived at after charging:		
Staff costs including directors' emoluments	<b>48,863</b>	45,369
Depreciation of property, plant and equipment	<b>5,727</b>	5,326
Operating lease rentals in respect of land and buildings	<b>3,814</b>	3,103

## 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\$403,714,000 (six months ended 30 June 2017: HK\$319,726,000) and on 378,583,440 (30 June 2017: 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

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2017 — HK\$0.42 per share (2017: declared and paid for 2016 HK\$0.30 per share)	<b>159,005</b>	113,575
Dividend declared in respect of current period:		
Interim dividend declared for 2018 — HK\$0.22 per share (2017: HK\$0.18 per share)	<b>83,288</b>	68,145

On 8 August 2018, the Board of Directors has approved an interim cash dividend of HK\$0.22 per share (2017: HK\$0.18 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 6 September 2018.

## 9. MOVEMENTS IN INVESTMENT PROPERTIES

On 30 June 2018 and 31 December 2017, 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\$208,766,000 (six months ended 30 June 2017: HK\$183,218,000) has been recognised directly in profit or loss.



## 10. INVESTMENTS IN SECURITIES

	Financial assets at FVTPL HK\$'000	Equity instruments at FVTOCI HK\$'000	Total HK\$'000
<b>30 June 2018</b>			
Listed equity securities	16,472	261,914	278,386
Unlisted equity securities	-	262,922	262,922
Structured products	7,747	-	7,747
Investment funds	-	79,423	79,423
Perpetual capital securities	-	51,625	51,625
	<b>24,219</b>	<b>655,884</b>	<b>680,103</b>
Analysed as:			
Listed in Hong Kong	16,472	313,539	330,011
Unlisted	7,747	342,345	350,092
	<b>24,219</b>	<b>655,884</b>	<b>680,103</b>
Analysed for reporting purpose as:			
Non-current assets			655,705
Current assets			24,398
			<b>680,103</b>

	Financial assets at FVTPL		Available- for-sale investments	Total HK\$'000
	Held for trading HK\$'000	Designated at fair value HK\$'000	HK\$'000	
<b>31 December 2017</b>				
Listed equity securities	16,693	-	288,380	305,073
Unlisted equity securities	-	-	269,922	269,922
Structured products	-	7,737	-	7,737
Investment funds	-	-	72,308	72,308
Perpetual capital securities	-	-	52,239	52,239
	<b>16,693</b>	<b>7,737</b>	<b>682,849</b>	<b>707,279</b>
Analysed as:				
Listed in Hong Kong	16,693	-	340,619	357,312
Unlisted	-	7,737	342,230	349,967
	<b>16,693</b>	<b>7,737</b>	<b>682,849</b>	<b>707,279</b>
Analysed for reporting purpose as:				
Non-current assets				690,486
Current assets				16,793
				<b>707,279</b>

## 11. TRADE AND OTHER RECEIVABLES

	<b>30 June 2018 HK\$'000</b>	31 December 2017 HK\$'000
Trade receivables	<b>30,020</b>	24,990
Deposits paid	<b>42,919</b>	27,751
Loan receivables	<b>6,706</b>	9,347
Prepayments and other receivables	<b>100,431</b>	53,197
	<b>180,076</b>	115,285

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:

	<b>30 June 2018 HK\$'000</b>	31 December 2017 HK\$'000
Within 30 days	<b>8,501</b>	9,089
Between 31 days to 90 days	<b>16,032</b>	13,859
Over 90 days	<b>5,487</b>	2,042
	<b>30,020</b>	24,990

## 12. TRADE AND OTHER PAYABLES

	<b>30 June 2018 HK\$'000</b>	31 December 2017 HK\$'000
Trade payables	<b>10,784</b>	8,828
Construction costs and retention payables	<b>447,065</b>	445,909
Deposits received and receipt in advance in respect of rental of investment properties	<b>75,753</b>	41,278
Receipt in advance on properties sold	<b>-</b>	475,327
Other payables	<b>20,872</b>	30,424
	<b>554,474</b>	1,001,766

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

	<b>30 June 2018 HK\$'000</b>	31 December 2017 HK\$'000
Within 30 days	<b>10,784</b>	8,828

### 13. BORROWINGS

	<b>30 June 2018 HK\$'000</b>	31 December 2017 HK\$'000
Amounts due within one year		
— Bank borrowings	<b>98,206</b>	336,682
— Amounts due to non-controlling interests shareholders	<b>47,271</b>	46,973
	<b>145,477</b>	383,655
Amounts due after one year		
— Bank borrowings	<b>825,727</b>	864,345
	<b>971,204</b>	1,248,000

During the current period, the Group obtained bank loans of approximately HK\$nil (31 December 2017: HK\$193,406,000) and repaid bank loans of approximately HK\$274,386,000 (31 December 2017: HK\$162,250,000). The proceeds were used for general working capital purposes.

### 14. CAPITAL COMMITMENTS

	<b>30 June 2018 HK\$'000</b>	31 December 2017 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	<b>27,337</b>	38,953
— Contribution to the capital of investment funds	<b>22,845</b>	22,870

### 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).

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)

	Fair value hierarchy			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>30 June 2018</b>				
<b>Financial assets at FVTPL</b>				
Listed equity securities	16,472	–	–	16,472
Structured products	–	7,747	–	7,747
<b>Equity instruments at FVTOCI</b>				
Listed equity securities	261,914	–	–	261,914
Unlisted equity securities	–	–	262,922	262,922
Investment funds	–	–	79,423	79,423
Perpetual capital securities	–	51,625	–	51,625
Total	278,386	59,372	342,345	680,103
<b>Financial liabilities at FVTPL</b>				
Derivative financial instruments	–	5,700	–	5,700
Fair value hierarchy				
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>31 December 2017</b>				
<b>Financial assets at FVTPL</b>				
Listed equity securities	16,693	–	–	16,693
Structured products	–	7,737	–	7,737
Derivative financial instruments	–	26	–	26
<b>Available-for-sale financial assets</b>				
Listed equity securities	288,380	–	–	288,380
Unlisted equity securities	–	–	269,922	269,922
Investment funds	–	–	72,308	72,308
Perpetual capital securities	–	52,239	–	52,239
Total	305,073	60,002	342,230	707,305
<b>Financial liabilities at FVTPL</b>				
Derivative financial instruments	–	790	–	790

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 unlisted equity securities are determined with reference to market values of underlying assets, which mainly comprise investment properties located in Hong Kong held by the 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 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 perpetual capital securities are determined based on indicative prices provided by the dealers and brokers. 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 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 derivative financial instruments represent cross currency swap contract and currency forward contracts are measured by the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and foreign exchange rates between JPY and HK\$, which is observable at the end of the reporting period.

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

	<b>Equity instruments at FVTOCI HK\$'000</b>
Balance at 1 January 2018	<b>342,230</b>
Total net gains recognised in other comprehensive income	<b>2,503</b>
Purchases	<b>221</b>
Disposals	<b>(2,609)</b>
Balance at 30 June 2018	<b>342,345</b>
	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

## 15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

### Reconciliation of Level 3 fair value measurements of financial assets *(continued)*

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 2017: 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.

#### 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	
	2018 HK\$'000	2017 HK\$'000
Expenses paid and payable to directors of the Company or its affiliates		
Rental expenses	450	3,186
Architecture and other consultancy service fee	-	420

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	
	2018 HK\$'000	2017 HK\$'000
Short-term benefits	23,976	31,161
Post-employment benefits	1,440	1,486
	25,416	32,647

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 29, which comprise the condensed consolidated statement of financial position as of 30 June 2018 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

8 August 2018

## INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2018 of HK\$0.22 per share (2017: HK\$0.18 per share), payable on Friday, 14 September 2018 to the Company's shareholders registered on Thursday, 6 September 2018.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 4 September 2018 to Thursday, 6 September 2018, both days inclusive. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged for registration with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 3 September 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended 30 June 2018, the unaudited consolidated profits of the Company and its subsidiaries (the "Group") amounted to approximately of HK\$409.6 million, comparing to that of 2017 amounted to approximately of HK\$328.9 million, representing an increase of approximately HK\$80.7 million.

### PROPERTY INVESTMENT

#### OVERALL RENTAL REVENUE

For the period ended 30 June 2018, the Group recorded gross rental revenue of approximately HK\$182.8 million, increased by approximately HK\$5.7 million from approximately of HK\$177.1 million in 2017, representing an increase of 3.2%.

#### OVERALL OCCUPANCIES

The Group's overall occupancy from major investment properties continued to maintain at 90% as at 30 June 2018.

#### 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 2018, Chong Hing Square generated rental revenue of approximately HK\$57.1 million, decreased by HK\$3.6 million from approximately HK\$60.7 million in 2017. The occupancy continued to maintain at 92% as at 30 June 2018. The slight decrease of rental revenue was due to rental revision.

##### *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 2018, 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 2018, this retail and commercial shopping center generated rental revenue of approximately HK\$10.4 million, increased by 3.6% when comparing to that of 2017. The occupancy was 70% as at 30 June 2018.

##### *Fairview Court*

Fairview Court is located at 94 Repulse Bay Road. The Group owns 5 units, each of areas over 4,100 square feet, luxury apartment on a low-rise building. For the period ended 30 June 2018, Fairview Court recorded rental revenue of approximately HK\$1.9 million.



## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### PROPERTY INVESTMENT *(continued)*

#### PRC PROPERTIES

##### *Chong Hing Finance Center, Shanghai*

The Group's mainland flagship property located at 288 Nanjing Road West in Huang Pu District of Shanghai is a 36-storey Grade A commercial building which commands a strategic location and enviable view over The People's Square just across the street. With a total floor area of over 516,000 square feet of office and commercial spaces and 198 carparks, this property was approximately 86% let in terms of office space and 100% let in terms of commercial space as at 30 June 2018. For the period ended 30 June 2018, this office building generated rental revenue of approximately HK\$75.5 million, representing an increase of 12%.

#### 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 came to the final stage and the occupation permit was scheduled to be obtained in the third quarter of 2018. Total renovation costs including professional fee amounted to approximately of HK\$525.8 million and all expenditures are funded by internal resources.

##### 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 is being developed by phases. As at today, Phase 1, 2 and 3 were completed. For Phase 4, construction already commenced in the third quarter of 2016 and is scheduled to be completed in 2018.

##### Financial and Sale results

For the period ended 30 June 2018, the Group recorded sale revenue of approximately HK\$173.7 million, decreased by approximately HK\$87.7 million from approximately of HK\$261.4 million in 2017, representing a decrease of 33.6%. The major change was due to less revenue recognition during the period.

##### *The Grand Riviera, Foshan (Phase 1)*

As at 8 August 2018, a total of 790 residential units (representing 93% of the total units) and 405 car parking units (representing 36% of the total units) were successfully sold generating total sale proceeds of approximately RMB724.3 million and RMB57.3 million respectively.

##### *Grand Jardin, Foshan (Phase 2 and 3)*

As at 8 August 2018, all 1,542 residential units and 487 car parking units (representing 44% of the total units for sale) of Phase 2 were successfully sold returning total sale proceeds of approximately RMB932.3 million and RMB70.6 million respectively.

For Phase 3, all 1,498 residential units and 184 car parking units (representing 15% of the total units for sale) were successfully sold out returning sale proceeds of approximately RMB1,130.8 million and RMB30.1 million respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### PROPERTY DEVELOPMENT *(continued)*

#### PRC *(continued)*

##### *Grand Jardin, Foshan (Phase 4)*

For Phase 4 development, it constructed 11 blocks of 14-storey residential flats above the ground. It provides 1,377 residential units with developable areas over 156,000 square metres. Including the retail and commercial areas of approximately 5,900 square metres, other amenities areas of approximately 7,700 square metres and 1,227 car parking spaces mainly built at the basement level, the total developable areas of Phase 4 is over 216,000 square metres. For the size of residential units, it provided four typical sizes with areas of 90, 100, 130 and 140 square metres. Construction work has commenced since the third quarter of 2016. As at 8 August 2018, 1,081 residential units (representing 90% of the total units put up for presale) were successfully sold, generating total sale proceeds of approximately RMB1,450.4 million.

If all of the remaining (unsold) properties of the Foshan project including residential units, retail shops and car parks could be sold under the current market condition, it is estimated that the Group would receive further total sale proceeds of approximately HK\$2 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 2018, hotel revenue increased by 6% from approximately of HK\$5.4 million in 2017 to approximately HK\$5.7 million in 2018. 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.

### INVESTMENT IN JAPANESE WAREHOUSE

In November 2017, the Group acquired 50% of the issued share capital of a company which in turn beneficially owned two warehouses in Japan. The management regarded the investment would bring the Group's a stable rental return together with a long term appreciation of the properties given the good management team, quality of tenants and the fast growing logistic business relating to 2020 Tokyo Olympic. Total investment for this project amounted to approximately HK\$191 million. For the period ended 30 June 2018, these warehouses generated rental revenue of JPY395 million (approximately HK\$27.8 million). The share of results of a joint venture of approximately HK\$38.6 million, under the equity accounting, represented the 50% share of net asset value of the investment which included the rental revenue and asset revaluation gain.

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

As at 30 June 2018, the interests of the directors and the Chief Executive Officer in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, or have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

### INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

#### THE COMPANY – LIU CHONG HING INVESTMENT LIMITED

Name of director	Long/short position	Number of ordinary shares held			Total interests 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)	
Mr. Liu Lit Chi	Long	24,000	–	196,297,000 (Notes 1 and 2)	51.85%
Mr. Liu Kam Fai, Winston	Long	2,570,000	–	–	0.67%
Dr. Liu Lit Chung	Long	–	–	132,326,710 (Note 1)	34.95%

Notes:

- 132,326,710 shares in the Company are beneficially held by Liu's Holdings Limited, of which 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.
- Alba Holdings Limited, of which Mr. Liu Lit Chi and his associates are shareholders, beneficially holds 63,970,290 shares in the Company, and thus is included in the corporate interests of Mr. Liu Lit Chi.

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2018, so far as is known to the Company, the following persons (other than the directors or the Chief Executive Officer of the Company) had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of substantial shareholder	Long/short position	Capacity	No. of ordinary share held	% of the issued share capital
Liu's Holdings Limited	Long	Beneficial owner	132,326,710 (note 1)	34.95%
Alba Holdings Limited	Long	Beneficial owner	63,970,290 (note 2)	16.89%

Notes:

1. Liu's Holdings Limited, a private company incorporated in Hong Kong, is owned by, amongst others, Mr. Liu Lit Chi and Dr. Liu Lit Chung. Such corporate interests are also disclosed in the sub-section under "Directors' interests in Share Capital of the Company and its Associated Corporations".
2. Alba Holdings Limited, a private company incorporated in Hong Kong, is owned by Mr. Liu Lit Chi and his associates. Such corporate interests are also disclosed in the sub-section under "Directors' interests in Share Capital of the Company and its Associated Corporations".

Save as disclosed above, the Company had not been notified by any person (other than the directors or Chief Executives Officer of the Company) who had interests or short positions in the shares and underlying shares of the Company of 5% or more as at 30 June 2018 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 2018, the Group employed a workforce of 480 (30 June 2017: 448). Staff cost for the period include salaries, bonuses and allowances, were approximately HK\$48.8 million (30 June 2017: HK\$45.3 million).

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

## SHARE OPTION SCHEMES

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.

## THE CORPORATE GOVERNANCE CODE

During the period under review, the Company had complied with the provision of 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").

## 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 2018, 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 2018 have been reviewed by our auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants and an unmodified review report is issued.

## PUBLICATION OF RESULTS ON THE WEBSITE

This results announcement, containing the relevant information required by the Listing Rules, is published on the website of the HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.lchi.com.hk](http://www.lchi.com.hk)). The Company's interim report for 2018 will be dispatched to the shareholders of the Company and available on the above websites on or about 30 August 2018.

## BOARD OF DIRECTORS

At the date of this interim report, the Board comprises the following Executive Directors: Mr. Liu Lit Chi (Chairman, 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 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, Mr. Cheng Yuk Wo and Mr. Tong Tsun Sum Eric.

By Order of the Board

**Liu Chong Hing Investment Limited**

**Liu Lit Chi**

*Chairman, Managing Director  
and Chief Executive Officer*

Hong Kong, 8 August 2018