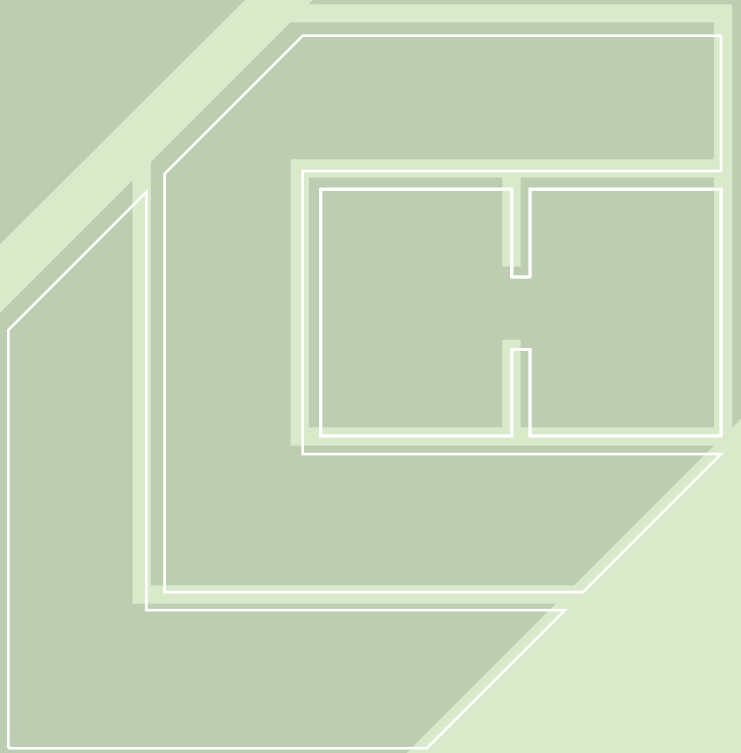




廖創興企業有限公司

Liu Chong Hing Investment Limited



STOCK CODE : 00194

2020
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. Lee Wai Hung

NON-EXECUTIVE DIRECTOR

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. Salla Tin *(Secretary)*

CORPORATE GOVERNANCE COMMITTEE

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. Lee Wai Hung

SOLICITORS

Deacons
Gallant Solicitors & Notaries
P. C. Woo & Co.

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

BANKERS

Australia and New Zealand Banking
Group Limited, Hong Kong Branch
Chong Hing Bank Limited
Credit Suisse AG Hong Kong Branch
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
MUFG Bank, Limited
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

REGISTERED OFFICE

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FOSHAN OFFICE

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Guangdong Province, PRC
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Fax: (86757) 6386 2218
Email: foshan@lchi.com.cn

SHAREHOLDERS' INFORMATION

FINANCIAL CALENDAR

As at 6 August 2020

Annual General Meeting	:	Held on 21 May 2020
Interim Results for six-month ended 30 June 2020	:	Announced on 6 August 2020
Dividends		
Interim cash dividend	:	HK\$0.15 per share
Payable on	:	11 September 2020
Ex-dividend date of interim dividend	:	28 August 2020
Latest time to lodge transfer forms	:	4:30 p.m. on 31 August 2020
Closure of Register of Members	:	From 1 September 2020 to 3 September 2020 (both days inclusive)
Share Registrars and transfer office	:	Computershare Hong Kong Investor Services Limited Rooms 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. Hilda Chan 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 2020

		Six months ended	
		30 June	
	NOTES	2020	2019
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3A		
Contracts with customers		197,370	604,790
Rental income		156,620	173,424
Interest and dividend income		35,158	42,809
		389,148	821,023
Direct costs		(163,858)	(411,306)
		225,290	409,717
Other income		11,407	7,286
Administrative and operating expenses		(109,020)	(109,580)
Other gains and losses	4	(71,171)	92,275
Finance costs		(26,359)	(17,739)
Share of results of joint ventures		10,513	10,989
		40,660	392,948
Profit before tax		40,660	392,948
Income tax expense	5	(19,429)	(82,566)
		21,231	310,382
Profit for the period	6	21,231	310,382
Profit for the period attributable to:			
Owners of the Company		17,375	298,180
Non-controlling interests		3,856	12,202
		21,231	310,382
Basic earnings per share	7	HK\$0.05	HK\$0.79

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	21,231	310,382
Other comprehensive expense		
<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")	(76,316)	(2,887)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(87,203)	(14,525)
Share of other comprehensive expense of joint ventures	(347)	(66)
Other comprehensive expense for the period (net of tax)	(163,866)	(17,478)
Total comprehensive (expense) income for the period	(142,635)	292,904
Total comprehensive (expenses) income attributable to:		
Owners of the Company	(141,648)	281,835
Non-controlling interests	(987)	11,069
	(142,635)	292,904

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTES	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Non-current assets			
Investment properties	9	8,688,987	8,771,446
Property, plant and equipment		1,424,002	1,457,320
Right-of-use assets		8,197	10,757
Interests in joint ventures		299,506	307,843
Investments in securities	10	466,261	543,952
Deferred tax assets		27,472	27,472
		10,914,425	11,118,790
Current assets			
Properties under development for sale		889,753	895,424
Properties held for sale		591,562	686,117
Inventories		23,880	25,455
Trade and other receivables	11	81,799	84,174
Contract costs		1,576	3,815
Investments in securities	10	31,760	18,097
Taxation recoverable		-	27
Fixed bank deposits with more than three months to maturity when raised		74,093	13,284
Bank balances and cash		1,864,136	2,039,861
		3,558,559	3,766,254
Current liabilities			
Trade and other payables	12	356,688	448,258
Lease liabilities		4,207	4,837
Contract liabilities		154	46,965
Derivative financial instruments		5,947	7,065
Taxation payable		30,050	40,790
Borrowings — due within one year	13	474,591	491,350
		871,637	1,039,265
Net current assets		2,686,922	2,726,989
Total assets less current liabilities		13,601,347	13,845,779

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

AS AT 30 JUNE 2020

	NOTES	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Non-current liabilities			
Other payables	12	94,720	93,373
Lease liabilities		4,276	6,151
Borrowings — due after one year	13	1,088,424	1,018,384
Derivative financial instruments		719	776
Deferred tax liabilities		242,885	256,875
		1,431,024	1,375,559
		12,170,323	12,470,220
Equity			
Share capital		381,535	381,535
Reserves		11,726,990	12,012,500
Equity attributable to:			
Owners of the Company		12,108,525	12,394,035
Non-controlling interests		61,798	76,185
Total equity		12,170,323	12,470,220

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	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	Statutory surplus reserve HK\$'000 (note c)	Accumulated profits HK\$'000			
At 1 January 2019 (audited)	381,535	13,915	2,956,817	(15,506)	160,203	29,062	8,806,747	12,332,773	64,295	12,397,068
Profit for the period	-	-	-	-	-	-	298,180	298,180	12,202	310,382
Fair value losses on investments in equity instruments at FVTOCI	-	-	-	(2,887)	-	-	-	(2,887)	-	(2,887)
Exchange differences arising on translation of foreign operations	-	-	-	-	(13,392)	-	-	(13,392)	(1,133)	(14,525)
Share of other comprehensive expense of joint ventures	-	-	-	-	(66)	-	-	(66)	-	(66)
Other comprehensive expense for the period	-	-	-	(2,887)	(13,458)	-	-	(16,345)	(1,133)	(17,478)
Total comprehensive (expense) income for the period	-	-	-	(2,887)	(13,458)	-	298,180	281,835	11,069	292,904
Transferred from accumulated profits to statutory surplus reserve	-	-	-	-	-	32,853	(32,853)	-	-	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	(181,720)	(181,720)	-	(181,720)
At 30 June 2019 (unaudited)	381,535	13,915	2,956,817	(18,393)	146,745	61,915	8,890,354	12,432,888	75,364	12,508,252

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Attributable to owners of the Company									
	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	Statutory surplus reserve HK\$'000 (note c)	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2020 (audited)	381,535	13,915	2,956,817	(28,502)	69,485	61,018	8,939,767	12,394,035	76,185	12,470,220
Profit for the period	-	-	-	-	-	-	17,375	17,375	3,856	21,231
Fair value losses on investments in equity instruments at FVTOCI	-	-	-	(76,316)	-	-	-	(76,316)	-	(76,316)
Exchange differences arising on translation of foreign operations	-	-	-	-	(82,360)	-	-	(82,360)	(4,843)	(87,203)
Share of other comprehensive expense of joint ventures	-	-	-	-	(347)	-	-	(347)	-	(347)
Other comprehensive expense for the period	-	-	-	(76,316)	(82,707)	-	-	(159,023)	(4,843)	(163,866)
Total comprehensive (expense) income for the period	-	-	-	(76,316)	(82,707)	-	17,375	(141,648)	(987)	(142,635)
Transferred from accumulated profits to statutory surplus reserve	-	-	-	-	-	17,768	(17,768)	-	-	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	(143,862)	(143,862)	-	(143,862)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(13,400)	(13,400)
At 30 June 2020 (unaudited)	381,535	13,915	2,956,817	(104,818)	(13,222)	78,786	8,795,512	12,108,525	61,798	12,170,323

Notes:

- 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 years ended 31 December 2004 and 31 December 2012.
- Property revaluation reserve represents the reserve arising from valuation of properties under property, plant and equipment upon transfer to investment properties in previous years.
- The statutory surplus reserve ("SSR") is an appropriation from accumulated profits by subsidiaries of the Company in the People's Republic of China ("PRC"). In accordance with the Company Law of the PRC, the PRC subsidiaries of the Company are required to allocate 10% of their profit after tax to the SSR until such reserve reaches 50% of the registered capital of that subsidiary. The SSR may be converted to increase capital subject to certain restrictions set out in the Company Law of the PRC.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	25,499	(605,902)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,008)	(5,587)
Repayment from a joint venture	18,503	12,125
Addition of investment properties	(21,781)	(3,984)
Addition of properties under development	-	(33,034)
Placement of fixed bank deposits with more than three months to maturity when raised	(74,093)	(830,066)
Release of fixed bank deposits with more than three months to maturity when raised	13,284	341,449
NET CASH USED IN INVESTING ACTIVITIES	(67,095)	(519,097)
FINANCING ACTIVITIES		
New borrowings raised	178,000	872,461
Repayments of borrowings	(117,281)	(318,532)
Repayments of lease liabilities	(2,545)	(2,359)
Dividends paid	(157,262)	(181,720)
Interest paid on borrowings	(26,200)	(17,533)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(125,288)	352,317
NET DECREASE IN CASH AND CASH EQUIVALENTS	(166,884)	(772,682)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,039,861	2,368,804
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(8,841)	(6,022)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY	1,864,136	1,590,100
Bank balances and cash	1,864,136	1,713,095
Restricted bank deposits	-	(122,995)
	1,864,136	1,590,100

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 2019 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 2019 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 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

APPLICATION OF AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied *the Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

3A. REVENUE

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of the Group's revenue and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information is as follows:

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
Property development		
— Sale of properties	141,769	281,211
— Interior decoration services	2,170	270,802
Property management	10,718	11,179
Trading and manufacturing	29,204	34,521
Hotel operation	13,509	7,077
Revenue from contracts with customers	197,370	604,790
Property investment	156,620	173,424
Treasury investment		
— Interest income	27,925	27,041
— Dividend income	7,233	15,768
Total revenue	389,148	821,023

3A. REVENUE (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Total HK\$'000
Sale of properties	-	141,769	-	-	-	-	141,769
Interior decoration services	-	2,170	-	-	-	-	2,170
Property management	-	-	16,655	-	-	-	16,655
Trading and manufacturing	-	-	-	-	29,204	-	29,204
Hotel operation	-	-	-	-	-	14,097	14,097
Eliminations on inter-segment transactions	-	-	(5,937)	-	-	(588)	(6,525)
Revenue from contracts with customers	-	143,939	10,718	-	29,204	13,509	197,370
Property investment	159,661	-	-	-	-	-	159,661
Interest income	-	-	-	27,925	-	-	27,925
Dividend income	-	-	-	7,233	-	-	7,233
Eliminations on inter-segment transactions	(3,041)	-	-	-	-	-	(3,041)
Segment revenue	156,620	143,939	10,718	35,158	29,204	13,509	389,148

	Property development HK\$'000	Property management HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Total HK\$'000
Geographical markets					
Hong Kong	-	10,718	-	11,095	21,813
PRC	143,939	-	29,204	2,414	175,557
Total	143,939	10,718	29,204	13,509	197,370
Timing of revenue recognition					
A point in time	141,769	-	29,204	7,678	178,651
Over time	2,170	10,718	-	5,831	18,719
Total	143,939	10,718	29,204	13,509	197,370

3A. REVENUE *(continued)*
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Total HK\$'000
Sale of properties	-	281,211	-	-	-	-	281,211
Interior decoration services	-	270,802	-	-	-	-	270,802
Property management	-	-	18,442	-	-	-	18,442
Trading and manufacturing	-	-	-	-	34,521	-	34,521
Hotel operation	-	-	-	-	-	7,077	7,077
Eliminations on inter-segment transactions	-	-	(7,263)	-	-	-	(7,263)
Revenue from contracts with customers	-	552,013	11,179	-	34,521	7,077	604,790
Property investment	175,547	-	-	-	-	-	175,547
Interest income	-	-	-	27,041	-	-	27,041
Dividend income	-	-	-	15,768	-	-	15,768
Eliminations on inter-segment transactions	(2,123)	-	-	-	-	-	(2,123)
Segment revenue	173,424	552,013	11,179	42,809	34,521	7,077	821,023
	Property development HK\$'000	Property management HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Total HK\$'000		
Geographical markets							
Hong Kong	-	11,179	-	-	11,179		
PRC	552,013	-	34,521	7,077	593,611		
Total	552,013	11,179	34,521	7,077	604,790		
Timing of revenue recognition							
A point in time	281,211	-	34,521	-	315,732		
Over time	270,802	11,179	-	7,077	289,058		
Total	552,013	11,179	34,521	7,077	604,790		

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 and food & beverage business

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.

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000
For the six months ended 30 June 2020			
Segment revenue	159,661	143,939	16,655
Comprising:			
— revenue from customers	156,620	143,939	10,718
— inter-segment transactions (note)	3,041	-	5,937
Operating expenses	(65,621)	(79,557)	(9,605)
Loss on changes in fair value of investment properties	(51,132)	-	-
Loss on changes in fair value of financial assets at fair value through profit or loss ("FVTPL")	-	-	-
Gain on changes in fair value of derivative financial instruments	-	-	-
Loss on disposal of property, plant and equipment	(56)	-	-
Net exchange (losses) gains	(3,490)	(9,818)	94
Segment profit (loss)	39,362	54,564	7,144
Share of results of joint ventures			
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	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
35,158	29,204	14,097	398,714	(9,566)	389,148
35,158	29,204	13,509			
-	-	588			
(22,316)	(28,324)	(65,614)	(271,037)	9,566	(261,471)
-	-	-	(51,132)	-	(51,132)
(1,937)	-	-	(1,937)	-	(1,937)
807	-	-	807	-	807
-	-	-	(56)	-	(56)
(5,639)	-	-	(18,853)	-	(18,853)
6,073	880	(51,517)	56,506	-	56,506
					10,513
					(26,359)
					40,660

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
For the six months ended 30 June 2019			
Segment revenue	175,547	552,013	18,442
Comprising:			
– revenue from customers	173,424	552,013	11,179
– inter-segment transactions (note)	2,123	–	7,263
Operating expenses	(72,255)	(383,003)	(10,430)
Gain on changes in fair value of investment properties	93,516	–	–
Gain on changes in fair value of financial assets at FVTPL	–	–	–
Loss on changes in fair value of derivative financial instruments	–	–	–
Loss on disposal of property, plant and equipment	–	(322)	–
Net exchange (losses) gains	(665)	(483)	19
Segment profit	196,143	168,205	8,031
Share of results of joint ventures			
Finance costs			
Profit before tax			

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

Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of share of results of joint ventures and finance costs. In addition, the Group's administrative costs are allocated to respective 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	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
42,809	34,521	7,077	830,409	(9,386)	821,023
42,809	34,521	7,077			
-	-	-			
(19,542)	(31,957)	(5,799)	(522,986)	9,386	(513,600)
-	-	-	93,516	-	93,516
3,852	-	-	3,852	-	3,852
(2,836)	-	-	(2,836)	-	(2,836)
-	-	-	(322)	-	(322)
(806)	-	-	(1,935)	-	(1,935)
23,477	2,564	1,278	399,698	-	399,698
					10,989
					(17,739)
					392,948

4. OTHER GAINS AND LOSSES

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
(Loss) gain on changes in fair value of investment properties	(51,132)	93,516
(Loss) gain on changes in fair value of financial assets at FVTPL	(1,937)	3,852
Gain (loss) on changes in fair value of derivative financial instruments	807	(2,836)
Net exchange losses	(18,853)	(1,935)
Loss on disposal of property, plant and equipment	(56)	(322)
	(71,171)	92,275

5. INCOME TAX EXPENSE

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	5,202	7,333
PRC Enterprise Income Tax	14,266	56,530
	19,468	63,863
Dividend withholding tax	9,657	15,777
(Over)underprovision in prior years:		
Hong Kong Profits Tax	–	(30)
PRC Enterprise Income Tax	–	200
	–	170
PRC Land Appreciation Tax ("LAT")	3,586	10,694
Deferred taxation	(13,282)	(7,938)
	19,429	82,566

5. INCOME TAX EXPENSE (continued)

Notes:

- (a) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. 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

	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Staff costs including directors' emoluments	69,526	62,658
Depreciation of property, plant and equipment	35,840	7,694
Depreciation of right-of-use assets	2,444	2,291
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16 Leases	1,486	1,938

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\$17,375,000 (six months ended 30 June 2019: HK\$298,180,000) and on 378,583,440 (30 June 2019: 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	2019
	2020	HK\$'000
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2019 — HK\$0.38 per share (2019: declared and paid for 2018 HK\$0.48 per share)	143,862	181,720
Dividend declared in respect of current period:		
Interim dividend declared for 2020 — HK\$0.15 per share (2019: HK\$0.22 per share)	56,788	83,288

On 6 August 2020, the Board of Directors has approved an interim cash dividend of HK\$0.15 per share (2019: HK\$0.22 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 3 September 2020.

9. MOVEMENTS IN INVESTMENT PROPERTIES

On 30 June 2020 and 31 December 2019, 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 loss on changes in fair value of investment properties of approximately HK\$51,132,000 (six months ended 30 June 2019: gain of HK\$93,516,000) 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
30 June 2020			
Listed equity securities	16,160	163,266	179,426
Unlisted equity securities	–	281,301	281,301
Perpetual capital securities	–	21,694	21,694
Structured products	15,600	–	15,600
	31,760	466,261	498,021
Analysed as:			
Listed in Hong Kong	16,160	184,960	201,120
Unlisted	15,600	281,301	296,901
	31,760	466,261	498,021
Analysed for reporting purpose as:			
Non-current assets			466,261
Current assets			31,760
			498,021
	Financial assets at FVTPL HK\$'000	Equity instruments at FVTOCI HK\$'000	Total HK\$'000
31 December 2019			
Listed equity securities	18,097	228,229	246,326
Unlisted equity securities	–	291,681	291,681
Perpetual capital securities	–	24,042	24,042
	18,097	543,952	562,049
Analysed as:			
Listed in Hong Kong	18,097	252,271	270,368
Unlisted	–	291,681	291,681
	18,097	543,952	562,049
Analysed for reporting purpose as:			
Non-current assets			543,952
Current assets			18,097
			562,049

11. TRADE AND OTHER RECEIVABLES

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Trade receivables	21,438	23,102
Deposits paid	8,626	8,406
Prepayments and other receivables	51,735	52,666
	81,799	84,174

Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Monthly rent in respect of leased properties are payable monthly in advance by the tenants. Other trade customers settle their accounts with an average credit period of 30 to 90 days. The aged analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Within 30 days	7,335	8,147
Between 31 days to 90 days	8,964	11,104
Over 90 days	5,139	3,851
	21,438	23,102

12. TRADE AND OTHER PAYABLES

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Trade payables	7,514	10,560
Construction costs and retention payables	146,751	208,080
Deposits received and receipt in advance in respect of rental of investment properties	127,250	148,006
Deposits received (note)	130,762	143,127
Advance lease payments	5,023	5,716
Other payables	34,108	26,142
	451,408	541,631
Less: Amount due for settlement within 12 months shown under current liabilities	(356,688)	(448,258)
Amount due for settlement after 12 months shown under non-current liabilities	94,720	93,373

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

12. TRADE AND OTHER PAYABLES (continued)

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

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Within 30 days	7,514	10,560

13. BORROWINGS

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Amounts due within one year		
– Secured bank borrowings	1,110,340	1,040,400
– Unsecured bank borrowings	439,000	451,000
– Amounts due to non-controlling shareholders	13,675	18,334
	1,563,015	1,509,734
Less: Amounts due within one year shown under current liabilities	(474,591)	(491,350)
	1,088,424	1,018,384

During the current interim period, the Group obtained bank loans of approximately HK\$178,000,000 (31 December 2019: HK\$1,935,460,000) and repaid bank loans of approximately HK\$117,281,000 (31 December 2019: HK\$1,284,386,000). The proceeds were used for general working capital purposes.

14. CAPITAL COMMITMENTS

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– Property, plant and equipment/investment properties	129,728	147,673
– Others	20,479	19,023

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 2020				
Financial assets at FVTPL				
Listed equity securities	16,160	-	-	16,160
Structured products	-	15,600	-	15,600
Equity instruments at FVTOCI				
Listed equity securities	163,266	-	-	163,266
Unlisted equity securities	-	-	281,301	281,301
Perpetual capital securities	-	21,694	-	21,694
Total	179,426	37,294	281,301	498,021
Financial liabilities at FVTPL				
Derivative financial instruments	-	6,666	-	6,666
Fair value hierarchy				
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
31 December 2019				
Financial assets at FVTPL				
Listed equity securities	18,097	-	-	18,097
Equity instruments at FVTOCI				
Listed equity securities	228,229	-	-	228,229
Unlisted equity securities	-	-	291,681	291,681
Perpetual capital securities	-	24,042	-	24,042
Total	246,326	24,042	291,681	562,049
Financial liabilities at FVTPL				
Derivative financial instruments	-	7,841	-	7,841

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)*

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

The fair values of listed equity securities are determined with reference to quoted market bid prices from relevant stock exchanges.

The fair values of perpetual capital securities 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 these 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 were calculated using discounted cash flows analysis derived from quoted interest rates and foreign exchange rates, which were observable at the end of the reporting period.

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 investees 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 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 are 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 and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate their fair values.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS

	Unlisted equity securities HK\$'000
Balance at 1 January 2020	291,681
Total net losses recognised in other comprehensive income	(10,380)
Balance at 30 June 2020	281,301
Balance at 1 January 2019	306,289
Total net losses recognised in other comprehensive income	(3,977)
Balance at 30 June 2019	302,312

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS

The majority of the Group's investments are valued based on quoted market information or observable market data. A small percentage, 1.9% (31 December 2019: 2.0%), of total assets of the Group, is based on estimates and recorded as financial assets at level 3 fair value measurements. Whilst such valuations are sensitive to estimate, 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 and valuation process.

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.

16. RELATED PARTY DISCLOSURES

(A) RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Leases/expenses paid and payable to directors of the Company or its affiliates	-	
Repayment of lease liabilities/rental expenses	-	450
Architecture and other consultancy service fee	-	672

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	
	2020	2019
	HK\$'000	HK\$'000
Short-term benefits	24,302	24,693
Post-employment benefits	1,727	1,725
	26,029	26,418

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 28, which comprise the condensed consolidated statement of financial position as of 30 June 2020 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

6 August 2020

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2020 of HK\$0.15 per share (2019: HK\$0.22 per share), payable on Friday, 11 September 2020 to the Company's shareholders registered on Thursday, 3 September 2020.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 1 September 2020 to Thursday, 3 September 2020, 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, 31 August 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended 30 June 2020, the Group recorded unaudited consolidated profit of approximately HK\$21.2 million, comparing to that of 2019 amounted to approximately HK\$310.4 million, representing a decrease of approximately HK\$289.2 million. The change was mainly due to the substantial decrease of fair value changes of investment properties, less property development profit and the operating loss from hotel and F&B business recorded in the period.

Revenue mainly referred to the revenues generated from property investment, property development, property management, treasury investment, trading & manufacturing and hotel operation.

Other income referred to various miscellaneous incomes other than the main revenue.

Other gains and losses mainly comprised of loss on changes in fair value of investment properties and net exchange losses.

PROPERTY INVESTMENT

OVERALL RENTAL REVENUE

For the period ended 30 June 2020, the Group recorded gross rental revenue of approximately HK\$156.6 million, decreased by approximately HK\$16.8 million from approximately of HK\$173.4 million in the corresponding period of 2019, representing a decrease of 9.7%.

OVERALL OCCUPANCIES

The Group's overall occupancy from major investment properties maintained 75% as at 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROPERTY INVESTMENT *(continued)*

HK PROPERTIES

Chong Hing Square

Chong Hing Square, located at 601 Nathan Road Mongkok, is a 20-storey ginza-type retail/commercial development offers over 182,000 square feet of retail and commercial space. For the period ended 30 June 2020, Chong Hing Square generated rental revenue of approximately HK\$47.0 million, decreased by HK\$11.9 million from approximately of HK\$58.9 million in the corresponding period of 2019. The occupancy was 83% as at 30 June 2020.

Chong Hing Bank Centre

Chong Hing Bank Centre, located at 24 Des Voeux Road Central, is a 26-storey Grade A office building. For the period ended 30 June 2020, Chong Hing Bank Centre generated rental revenue of approximately HK\$48.6 million, increased by HK\$14.6 million from approximately of HK\$34.0 million in 2019. The change was due to rental revision.

The Company, having retained several floors for the Group's own use, had entered into another 5-year fixed lease (starting from 19 February 2019) with Chong Hing Bank Limited at a monthly rental of HK\$7.98 million from HK\$5.66 million, representing an increase of 41%. The management regarded the new tenancy would bring stable and good rental return to the Group.

Chong Yip Centre

Chong Yip Centre is located at 402–404 Des Voeux Road West. In 2019, the management had decided to revamp the mall for gaining higher rental return. The modern and chic concepts bringing more trendy retails and F&B outlets would be the main theme of this new shopping mall. After renovation, the management expected this shopping mall would be one of the young and popular malls in the western district.

Management and project team scheduled 18-month construction period to complete the project. Total renovation cost was amounted to approximately of HK\$140 million and all expenditures are funded by internal resources. No rental revenue was generated from this property during the period under review.

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 2020, Fairview Court recorded rental revenue of approximately HK\$3.3 million, it records net rental revenue of HK\$1.7 million after rental elimination. This property recorded 80% occupancy as at 30 June 2020.

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 65% let in terms of office space and 83% let in terms of retail space as at period end. For the period ended 30 June 2020, this office building after taking exchange translation, generated rental revenue of approximately HK\$55.1 million, representing a decrease of 16%.

The management will continue to improve the occupancy despite the over supply of office building in Puxi district and the adverse affect to Chinese economy caused by the unprecedented COVID-19 pandemic.

PROPERTY DEVELOPMENT

PRC

The Grand Riviera, Foshan

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

Development Status

This Foshan residential project is a comprehensive development and is developed by phases. The whole project, including Phase 1 to Phase 4, was completed and handover for occupation in September 2018.

FINANCIAL AND SALE RESULTS

For the period ended 30 June 2020, the Group recorded sale revenue of approximately HK\$143.9 million of which 55 residential units and 164 carpark units were sold and recognized under consolidated statement of profit or loss.

As at 30 June 2020, a total of 5,136 residential units out of total 5,264 units (representing 98%) and a total of 1,437 carpark units out of total 4,669 units (representing 31%) were successfully sold out fetching accumulated sale proceeds of approximately HK\$5.4 billion. The management forecast that further sale proceeds of approximately HK\$1.2 billion would be received if all unsold properties including residential units, carparks and retail shops were sold under current market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL AND SALE RESULTS (continued)

ACQUISITION OF LAND-USE RIGHTS IN SANSHUI DISTRICT

The Group, through an indirect wholly owned subsidiary, Top New Investment Limited, acquired a piece of land at Sanshui district of Foshan by open land auction on 15 May 2019 for cash consideration of RMB775.5 million. The site area of the land is approximately 33,670.06 sq.m. with plot ratio of 3.2 times, providing total construction area over 140,000 sq.m..

Up to the date of the board meeting, the site was handed over to our group. The preliminary site measurement and boundary protection had been done. Construction work is scheduled to commence in the fourth quarter of 2020.

HOTEL OPERATIONS

PRC

BUDGET HOTEL

Since 2008, the Group started to operate budget hotel business in Shanghai, Beijing and Guangzhou. All of these budget hotels are managed by and under the brand name of Hanting. Due to the restructuring of the business strategy, the Group had sold the budgeted hotels at Shanghai and Beijing in 2016, only the hotel in Guangzhou remains in operation. For the period ended 30 June 2020, the budget hotel revenue decreased by 66% from approximately of HK\$7.1 million in 2019 to approximately of HK\$2.4 million in 2020. The management expects the budget hotel business will be recovering in the second half of 2020.

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 converted into a 183-room hotel and serviced residences. The hotel was in full operation after obtaining the hotel license on 2 December 2019.

Apart from providing 183 guest rooms (room size ranging from 330 sq.ft. to 1,080 sq.ft.), other facilities include two restaurants, named *The Common Room* and *The Tea Room*, gym room, spa room, multi-functions room, sky lounge bar (soon to be opened) and a wide range of services and amenities. The two restaurants started operation in the fourth quarter of 2019. For the period ended 30 June 2020, the hotel and F&B business recorded a gross revenue of HK\$11.1 million but incurred a net operating loss of HK\$50.7 million after including depreciation of HK\$30.4 million. The management had taken up numerous measures to improve the hotel occupancy and F&B business and expect to see a better result in the second half of 2020.

SHARE OF RESULTS OF JOINT VENTURES

Since the year of 2018, the Group teamed up with the same joint venture partner, in addition to the investment in 2017, to acquire one more warehouse (now in total 3 warehouses) in Japan and one manufacturing plant in Australia. For the period ended 30 June 2020, all these warehouses and manufacturing plant continued to maintain stable rental revenue with 100% occupancy.

The management regarded the investment would bring the Group's a stable return together with a long term appreciation of properties. The share of results of joint ventures of approximately HK\$10.5 million, under equity accounting, represented the 50% share of net asset value of the investment which mainly included the annual rental revenue.

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

As at 30 June 2020, 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	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	–	201,617,000 (Notes 1 and 2)	201,641,000	53.26%
Mr. Liu Kam Fai, Winston	Long	2,756,867	–	–	2,756,867	0.73%

Notes:

- 132,326,710 shares in the Company are beneficially held by Liu's Holdings Limited, of which Mr. Liu Lit Chi is the major shareholder. 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 69,290,290 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 2020, 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	69,290,290 (note 2)	18.30%

notes:

1. Liu's Holdings Limited, a private company incorporated in Hong Kong, is majority-owned by Mr. Liu Lit Chi. 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 2020 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 2020, the Group employed a workforce of 470 (30 June 2019: 467). Staff cost for the period include salaries, bonuses and allowances, were approximately HK\$69.5 million (30 June 2019: HK\$62.6 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 has substantially complied with the provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the following.

CHAIRMAN AND MANAGING DIRECTOR: CLEAR DIVISION OF RESPONSIBILITIES

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

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

Below is the changes of directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2019 Annual Report:

DIRECTORS' UPDATED INFORMATION

Mr. Cheng Yuk Wo, an Independent Non-executive Director of the Company, resigned as Independent Non-executive Director of DTXS Silk Road Investment Holdings Company Limited with effect from 29 May 2020.

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.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

All directors have confirmed that they have complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules throughout the review period.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2020, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares of the Company.

REVIEW OF UNAUDITED INTERIM FINANCIAL REPORT

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial report. In addition, the condensed consolidated financial statements of the Company for the six months ended 30 June 2020 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 2020 will be dispatched to the shareholders of the Company and available on the above websites on or about 30 August 2020.

BOARD OF DIRECTORS

As at the date of this report, the Board of Directors of the Company comprises Executive Directors: Mr. Liu Lit Chi (Chairman, Managing Director and Chief Executive Officer), Mr. Liu Kam Fai, Winston (Deputy Managing Director), and Mr. Lee Wai Hung; Non-executive Director: Mr. Kho Eng Tjoan, Christopher; and 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, 6 August 2020