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Liu Chong Hing Investment Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 00194)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

RESULTS

The Directors of Liu Chong Hing Investment Limited (the “Company”) announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3		
Contracts with customers		477,902	364,569
Rental income		305,782	320,423
Interest and dividend income		51,481	86,630
		835,165	771,622
Direct costs		(362,268)	(324,680)
		472,897	446,942
Other income		26,094	28,577
Administrative and operating expenses		(235,496)	(217,352)
Other gains and losses		401,355	(12,598)
Finance costs		(23,521)	(43,171)
Share of results of joint ventures		27,374	44,218
Profit before tax		668,703	246,616
Income tax expense	4	(248,057)	(73,106)
Profit for the year		420,646	173,510
Profit (loss) for the year attributable to:			
Owners of the Company		427,302	162,560
Non-controlling interests		(6,656)	10,950
		420,646	173,510
Basic earnings per share	5	HK\$1.13	HK\$0.43

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year	<u>420,646</u>	<u>173,510</u>
Other comprehensive income (expense)		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)	192,706	(97,481)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	118,362	330,380
Share of other comprehensive income of joint ventures	<u>105</u>	<u>2,804</u>
Other comprehensive income for the year (net of tax)	<u>311,173</u>	<u>235,703</u>
Total comprehensive income for the year	<u>731,819</u>	<u>409,213</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	731,828	384,282
Non-controlling interests	<u>(9)</u>	<u>24,931</u>
	<u>731,819</u>	<u>409,213</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Investment properties		9,525,573	9,000,490
Property, plant and equipment		1,918,134	1,395,632
Right-of-use assets		5,629	5,879
Interests in joint ventures		429,555	334,918
Investments in securities		304,639	468,547
Fixed bank deposits with more than three months to maturity when raised		–	48,598
Deferred tax assets		18,414	20,608
		12,201,944	11,274,672
Current assets			
Properties under development for sale		1,313,819	1,014,408
Properties held for sale		471,334	584,077
Inventories		35,561	25,753
Trade and other receivables	7	135,526	80,924
Investments in securities		17,620	20,598
Fixed bank deposits with more than three months to maturity when raised		132,449	62,350
Bank balances and cash		1,875,619	1,876,768
		3,981,928	3,664,878
Current liabilities			
Trade and other payables	8	458,154	399,334
Lease liabilities		3,253	2,710
Contract liabilities		9,693	771
Derivative financial instruments		–	1,808
Borrowings — due within one year		563,845	480,469
Taxation payable		186,570	33,370
		1,221,515	918,462
Net current assets		2,760,413	2,746,416
Total assets less current liabilities		14,962,357	14,021,088

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	<i>NOTE</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities			
Other payables	8	107,146	98,116
Lease liabilities		2,663	3,487
Borrowings — due after one year		1,295,377	993,376
Deferred tax liabilities		322,760	260,726
		<u>1,727,946</u>	<u>1,355,705</u>
		<u>13,234,411</u>	<u>12,665,383</u>
Equity			
Share capital		381,535	381,535
Reserves		12,765,169	12,196,132
Equity attributable to:			
Owners of the Company		13,146,704	12,577,667
Non-controlling interests		87,707	87,716
Total equity		<u>13,234,411</u>	<u>12,665,383</u>

NOTES:

1. GENERAL

The Company is a public limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Company is 23/F, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong.

The principal activities of the Company and its subsidiaries are property investment, property development, property management, treasury investment, trading and manufacturing and hotel operation.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of annual results for the year ended 31 December 2021 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (“the Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2021 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Application of amendments to HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16
Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

Covid-19-Related Rent Concessions
Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resources allocation or assessment of segment performance focuses on types of goods and services delivered or provided. No operating segments 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

Segment revenue and results

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

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Trading and manufacturing <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<u>For the year ended 31 December 2021</u>									
Segment revenue	312,826	238,970	36,150	51,481	102,866	114,423	856,716	(21,551)	835,165
Comprising:									
— revenue from customers	305,782	238,970	22,005	51,481	102,866	114,061			
— inter-segment transactions (<i>note</i>)	7,044	-	14,145	-	-	362			
Operating expenses	(136,639)	(167,091)	(26,947)	(33,405)	(96,064)	(133,075)	(593,221)	21,551	(571,670)
Gain on changes in fair value of investment properties	379,142	-	-	-	-	-	379,142	-	379,142
Loss on changes in fair value of financial assets at FVTPL	-	-	-	(2,978)	-	-	(2,978)	-	(2,978)
Gain on changes in fair value of derivative financial instruments	-	-	-	1,720	-	-	1,720	-	1,720
Loss on disposal of property, plant and equipment	-	-	-	-	-	(3,654)	(3,654)	-	(3,654)
Net exchange (losses) gains	(1,355)	12,398	(157)	22,968	-	(6,729)	27,125	-	27,125
Segment profit (loss)	<u>553,974</u>	<u>84,277</u>	<u>9,046</u>	<u>39,786</u>	<u>6,802</u>	<u>(29,035)</u>	<u>664,850</u>	<u>-</u>	<u>664,850</u>
Finance costs									(23,521)
Share of results of joint ventures									<u>27,374</u>
Profit before tax									<u><u>668,703</u></u>

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

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

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Trading and manufacturing <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 31 December 2020									
Segment revenue	326,380	225,968	33,517	86,630	71,251	46,350	790,096	(18,474)	771,622
Comprising:									
— revenue from customers	320,423	225,968	21,643	86,630	71,251	45,707			
— inter-segment transactions (<i>note</i>)	5,957	-	11,874	-	-	643			
Operating expenses	(42,897)	(234,267)	(21,918)	(41,382)	(67,496)	(123,969)	(531,929)	18,474	(513,455)
Loss on changes in fair value of investment properties	(136,196)	-	-	-	-	-	(136,196)	-	(136,196)
Gain on transfer of property inventories to investment properties	-	81,350	-	-	-	-	81,350	-	81,350
Gain on changes in fair value of financial assets at FVTPL	-	-	-	2,507	-	-	2,507	-	2,507
Loss on changes in fair value of derivative financial instruments	-	-	-	(5,972)	-	-	(5,972)	-	(5,972)
Loss on disposal of property, plant and equipment	(12)	-	-	-	-	(1,828)	(1,840)	-	(1,840)
Net exchange (losses) gains	(2,790)	1,414	(313)	49,242	-	-	47,553	-	47,553
Segment profit (loss)	<u>144,485</u>	<u>74,465</u>	<u>11,286</u>	<u>91,025</u>	<u>3,755</u>	<u>(79,447)</u>	<u>245,569</u>	<u>-</u>	245,569
Finance costs									(43,171)
Share of results of joint ventures									<u>44,218</u>
Profit before tax									<u><u>246,616</u></u>

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

Segment profit (loss) represents the profit earned by/loss incurred from 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 revenue earned by individual operating segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	9,165	11,297
PRC Enterprise Income Tax	<u>28,246</u>	<u>1,399</u>
	<u>37,411</u>	<u>12,696</u>
Dividend withholding tax	<u>–</u>	<u>9,657</u>
Overprovision in prior years:		
Hong Kong Profits Tax	(50)	(81)
PRC Enterprise Income Tax	<u>(5,281)</u>	<u>(56)</u>
	<u>(5,331)</u>	<u>(137)</u>
PRC Land Appreciation Tax (“LAT”)	<u>157,768</u>	<u>40,223</u>
Deferred taxation	<u>58,209</u>	<u>10,667</u>
	<u><u>248,057</u></u>	<u><u>73,106</u></u>

Notes:

- (a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.
- (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% (2020: 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.

5. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$427,302,000 (2020: HK\$162,560,000) and on 378,583,440 (2020: 378,583,440) ordinary shares in issue during the year.

No diluted earnings per share has been presented as there were no potential ordinary shares in issue during the years ended 31 December 2021 and 31 December 2020.

6. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Interim dividend paid for 2021 — HK\$0.18 per share (2020: interim dividend paid for 2020 — HK\$0.15 per share)	68,145	56,788
Final dividend paid for 2020 — HK\$0.25 per share (2020: final dividend paid for 2019 — HK\$0.38 per share)	<u>94,646</u>	<u>143,862</u>
	<u><u>162,791</u></u>	<u><u>200,650</u></u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2021 of HK\$0.28 per share (2020: final dividend in respect of the year ended 31 December 2020 of HK\$0.25) per share, in an aggregate amount of approximately HK\$106,003,000 (2020: HK\$94,646,000) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	37,562	29,358
Lease receivables	<u>11,697</u>	<u>10,891</u>
	49,259	40,249
Deposits paid	10,396	8,481
Other receivables and prepayments	<u>75,871</u>	<u>32,194</u>
	<u><u>135,526</u></u>	<u><u>80,924</u></u>

notes:

- (a) Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. There is no credit period given on billing for rental of properties. Monthly rent are payable in advance by the tenants. Trade customers or tenants settle their accounts with an average credit period of 30 to 90 days. The aged analysis of trade receivables and lease receivables of approximately HK\$49,259,000 (2020: HK\$40,249,000) presented based on the invoice date at the end of the reporting period is as follows:

	2021 HK\$'000	2020 <i>HK\$'000</i>
Within 30 days	15,816	13,571
Between 31 days to 90 days	21,180	14,148
Over 90 days	12,263	12,530
	<u>49,259</u>	<u>40,249</u>

- (b) As at 31 December 2021, included in the trade receivables and lease receivables balance are debtors with aggregate carrying amount of HK\$14,227,000 (2020: HK\$16,845,000) which are past due as at the reporting date. Out of the past due balances, debtors with carrying amount of HK\$7,335,000 (2020: HK\$4,451,000) were past due and aged over 90 days at the end of reporting period but the Group has not provided for impairment loss. Debtors that were past due but not impaired related to a number of customers that have a good track record of credit with the Group. Based on past credit history, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances.
- (c) All of the Group's trade receivables are denominated in the functional currency of the individual entities within the Group.

8. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	8,264	6,283
Construction costs and retention payables	192,666	168,933
Deposits received in respect of rental of investment properties	134,764	118,390
Rentals receipt in advance	13,662	7,974
Deposits received (<i>note</i>)	167,639	170,523
Advance lease payments	2,944	4,330
Other payables	45,361	21,017
	<u>565,300</u>	<u>497,450</u>
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(458,154)</u>	<u>(399,334)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>107,146</u>	<u>98,116</u>

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	<u>8,264</u>	<u>6,283</u>

FINAL DIVIDEND

The Board of Directors proposes to recommend a final cash dividend for the year ended 31 December 2021 of HK\$0.28 (2020: HK\$0.25) per share together with the interim cash dividend of HK\$0.18 (2020: HK\$0.15) per share paid on 10 September 2021, makes a total cash dividend of HK\$0.46 (2020: HK\$0.40) per share. The proposed final cash dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be held on Thursday, 19 May 2022, will be paid on Monday, 6 June 2022 to the Company's shareholders registered on Friday, 27 May 2022.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF 2021 FINAL DIVIDEND

For the purpose of determining shareholders who qualify for the 2021 final dividend, whose name should be recorded in the Company's shareholders book on Friday, 27 May 2022. The Register of Members of the Company will be closed from Wednesday, 25 May 2022 to Friday, 27 May 2022, both days inclusive. In order to qualify for the final dividend, all share certificates with completed transfer forms either overleaf or separately must be lodged for registration with the Company's Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 24 May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2021, the audited consolidated profits of the Company and its subsidiaries amounted to approximately of HK\$420.6 million, comparing to that of 2020 amounted to approximately of HK\$173.5 million, representing an increase of HK\$247.1 million (rise 142%).

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 income other than the main revenue.

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

PROPERTY INVESTMENT

Overall Rental Revenue

For the year ended 31 December 2021, the Group recorded gross rental revenue of approximately HK\$305.8 million, decreased by approximately HK\$14.6 million from approximately of HK\$320.4 million in the year of 2020, representing a decrease of 4.6%.

Overall Occupancies

The Group's overall occupancy of major investment properties maintained at 82.8% as at 31 December 2021.

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 year ended 31 December 2021, Chong Hing Square generated a gross rental revenue of approximately HK\$83.7 million, decreased by HK\$12.6 million from approximately of HK\$96.3 million in 2020. Decrease of rental revenue was due to rental concessions to existing tenants and rental loss upon new and renewal of tenancies. The occupancy was 91% as at 31 December 2021.

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 year ended 31 December 2021, Chong Hing Bank Centre generated rental revenue of approximately HK\$95.8 million. The Company, having retained several floors for the group's use, had entered into another 5-year fixed lease 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 tenancy would bring stable and good rental return to the Group.

The Rockpool

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

The renovation works was completed and the Occupation Permit was obtained in 2021. The shopping mall and Carparks are available for lease. Leasing team is actively seeking prospective tenants, up to the date of board meeting, management had secured and signed tenancies with major tenants including HKTVmall, Optical 88, Maxim's Caterers and TamJai Yunnam Mixian, representing 30% of occupancy. The other potential tenants will be retail, telecom, personal care and beauty, life-style, supermarket, grocery, wine cellar and convenience store.

The management convinced that the surging of Omicron variant could definitely dampen the catering and retail business, which added uncertainty to our overall leasing result.

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 year ended 31 December 2021, Fairview Court recorded rental revenue of approximately HK\$7.0 million, it records net rental revenue of HK\$3.8 million after rental elimination. This property recorded 100% occupancy as at 31 December 2021.

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 78% let in terms of office space and 100% let in terms of retail space as at year end. For the year ended 31 December 2021, this office building, after taking exchange translation, generated a rental revenue of approximately HK\$109.5 million, representing a decrease of 5.1%.

Despite the oversupply of office building in Puxi district, the management felt satisfied to maintain a reasonable high occupancy of the office building.

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 year ended 31 December 2021, the Group recorded sale revenue of approximately HK\$239 million of which 63 residential units and 363 carpark spaces were sold and recognized under consolidated statement of profit or loss.

As at 31 December 2021, a total of 5,211 residential units out of total 5,264 units (representing 99%) and a total of 2,045 carpark units out of total 4,670 units (representing 44%) were successfully sold out fetching accumulated sale proceeds of approximately HK\$6 billion. The management forecasted that further sale proceeds of approximately HK\$1 billion would be received if all unsold properties including residential units, carpark spaces and retail shops were sold under current market conditions.

Elegance Garden, Sanshui

In 2019, the Group, through its indirectly wholly-owned subsidiary, Top New Investment Limited, acquired a piece of land at Sanshui District of Foshan by open land auction for a cash consideration of RMB775.5 million. The site area of the land is approximately 33,670 square meters with plot ratio of 3.2 times, making the accommodation value of RMB7,198 per square meter. The management regarded the consideration for the purchased land is fair and reasonable having taken into account the minimum bid conditions set by Foshan Public Resources Center, current market value, as well as the location and development potential of the vicinity area.

Location and vicinity

The development is located at the heart of Bei Jiang Xin Qu. It is surrounded by the well-developed facilities, such as Bei Jiang Primary School, Xindongli Center, Bei Jiang Feng Huang Park, Sanshui Renmin Hospital and Sanshui Bus Stop. It takes 15 minutes' drive to the Guangzhou and Foshan High Speed Railway Station and 20 minutes' drive to Sanshui High Speed Railway South Station only. The development is just 2.1 miles away from the Sanshui Metro Route 4, it is closely connected to the Guangzhou and Foshan cities.

Project design

This residential development named Elegance Garden, consists of 9 blocks 31-storey residential apartments with three typical sizes of 88, 98 and 108 square meters respectively. Given the plot ratio of 3.2 and green area ratio of 30%, it provides a total of 1,084 residential units with developable areas of over 105,000 square meters. If including the retail and commercial area of approximately 1,315 square meters on the ground floor and 918 carpark spaces mainly built at basement level, the total developable area is over 143,000 square meters.

Construction progress

Work of Excavation and Lateral Support (ELS) was completed in April 2021. Barring any unforeseen circumstances, the whole project would be scheduled to complete and hand over for occupation in Q4 2023. As at the date of board meeting, major contracts including basement, lift, M&E, landscape, lift lobby design, and architect designs were awarded to different contractors and institutes. The topping-out work of main blocks (Block 1–Block 9) has been completed. The construction progress was on schedule.

Marketing

Marketing team had prepared market proposal and related soft marketing activities had been launched. Due to the crackdown and slow recovery of China's property market, the management had adjusted the constructions progress and pre-sale schedule.

HOTEL OPERATIONS

PRC

Budget Hotel

Since 2008, the Group started to operate budget hotel business in Shanghai, Beijing and Guangzhou (“GZ”). 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 year ended 31 December 2021, the budget hotel revenue increased from approximately of HK\$8.0 million in 2020 to approximately HK\$9.2 million in 2021. As China strengthens its control over the spread of COVID-19, business activities resumed quickly. As a result, the occupancy of GZ's hotel was recovered to 85% in the first half of 2021. However, Guangzhou has seen cases of the Delta and Omicron COVID variant in the second half of 2021, and several cities in GZ & Foshan sometimes were locked down accordingly, the hotel business was once again seriously affected.

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 Sky Residences, two restaurants, Quay Club (executive lounge), gym room, multi-functions room and a wide range of services and amenities.

For the year ended 31 December 2021, the hotel and F&B business recorded a gross revenue of HK\$104.5 million, greatly increased by approximately of HK\$66.8 million, from approximately of HK\$37.7 million in 2020, generating earnings before interest, tax, depreciation and amortization (“EBITDA”) of HK\$33.9 million. However, if adding depreciation of HK\$59.9 million, the hotel and F&B business recorded a net loss of HK\$24.9 million, which was significantly decreased in comparing to the net loss of HK\$80.3 million for the year of 2020.

The hotel became one of the designated quarantine hotels to accommodate the quarantine guests arriving in Hong Kong since December 2020. Due to the quality service and good dining experience, the hotel became one of the popular hotel brands and its operating revenue has been improving significantly in 2021. With the aid of improving occupancy and average daily rate ADR, the hotel business recorded positive operating revenue and EBITDA throughout the year. The management has confident in the hotel business in the year of 2022.

Thailand

Kimpton Kitalay Samui

Share acquisition

The Group invested in a hotel property at Koh Samui, Thailand, through an acquisition of entire issued share capital in Choengmon Real Estate Company Limited, a company incorporated in Thailand.

Luxury Beachfront Resort

The hotel is located at the north-eastern part of Samui Island and is situated along the Choengmon Beach. The land is a freehold land title with land areas of 29,588 sq.m. The hotel consists of 21 pool villas and 117 premium rooms and suites with total gross floor area of over 22,098 sq.m. Other amenities include the main reception building, lobby bar, lobby lounge, an all-day dining restaurant, a beachfront specialty restaurant, swimming pool, spa, fitness centre and yoga studio, kids club and multi-purpose space to accommodate weddings or executive meetings.

Purchase Consideration

On 1 June 2021, the Group entered into the Share Purchase Agreement with the Sellers at the purchase price of THB2,480 million, approximately HK\$620 million, (inclusive of the shareholder loans and the bank loan). On 13 December 2021, the completion of the Acquisition had been taken place. Share transfer price in the amount of THB713.7 million, approximately HK\$166.6 million, was paid to the Sellers on the completion date.

Investment Deliberation

The management considers that the acquisition is a good investment opportunity for the Group to continue its strategies to diversify investments and to enhance its exposure and experience in international hospitality, with a view of optimism towards tourism in Thailand post-pandemic, which is beneficial for the continuous and stable growth of the Group's property development and investment business.

SHARE OF RESULTS OF JOINT VENTURES

Since the year of 2017, the Group teamed up with the same joint venture partner, to acquire three warehouses in Japan and one manufacturing plant in Australia. For the year ended 31 December 2021, all these warehouses and manufacturing plant continued to maintain a stable rental revenue with 100% occupancy.

The manufacturing plant located at Adelaide was acquired at AUD11.5 million in 2018, after holding the investment for 2.5 years, the plant was disposed to a third party at a cash consideration of AUD18.8 million, representing an increase of 63%. The sales contract was signed in December 2020 and the transaction was completed in early 2021.

In February 2021, the Group participated in an office investment in Brisbane, Australia by subscribing 15% of a property trust which acquired a 21-storey fully rebuilt grade A office building located at 310 Ann Street, Brisbane. The trust was managed by the property and investment manager of AsheMorgan.

The office building, with 198,000 sq. ft. lettable area, was fully let to two major tenants, the Queensland Government and the Allianz group with an annual rental growth of 3.5–3.75% during the 7.5 years unexpired lease.

The purchase price of the property is AUD210 million. Given the stable rental return and the debt leverage investment structure, the management considered the investment would provide an attractive investment return to the Group.

The management regarded all the joint venture investments would bring the Group a stable rental return together with a long term price appreciation. The share of results of joint ventures of approximately HK\$27.4 million, under equity accounting, represented the share of net asset value of the investment which mainly included the annual rental revenue and valuation gain on investment properties.

THE CORPORATE GOVERNANCE CODE

During the financial year ended 31 December 2021, 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”), saved for the following.

Chairman and Managing Director: Clear Division of Responsibilities

The roles of Chairman and the Managing Director of the Company have not been segregated as required by the code provision 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 2021 Interim Report:

Directors’ Updated Information

Mr. Cheng Yuk Wo, an Independent Non-executive Director of the Company, was appointed as the Independent Non-executive Director of China Renewable Energy Investment Limited with effect from 1 January 2022. Moreover, Mr. Cheng has resigned from his position as the Independent Non-executive Director of Chong Hing Bank Limited and C.P. Pokphand Co. Limited following their privatization on 30 September 2021 and 18 January 2022 respectively .

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 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 year ended 31 December 2021, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in the Company.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULT

The Company had established an Audit Committee (“AC”) in 1999 with revised written terms of reference with reference to the latest Listing Rules. The committee comprises four members, namely Mr. Cheng Yuk Wo (Chairman), Dr. Cheng Mo Chi, Moses, Mr. Au Kam Yuen, Arthur and Mr. Tong Tsun Sum, Eric, and all of them are Independent Non-executive Directors of the Company.

A meeting of the AC together with the Company’s external auditor was held to review the Group’s annual results for the year ended 31 December 2021 before they presented the same to the Board of Directors for approval. Based on the review and discussion with management, the AC was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the year ended 31 December 2021.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2021.

ANNUAL GENERAL MEETING

The Annual General Meeting (the “AGM”) will be held at 27/F, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong on Thursday, 19 May 2022, at 11:00 a.m. The Notice of the AGM will be published on the website of the Company and the HKExnews and despatched to Shareholders on or about 6 April 2022.

In light of the uncertain development of the current COVID-19 situation, Shareholders are encouraged to appoint the chairman of the AGM as their proxy to vote on the resolutions, instead of attending the meeting in person. In accordance with prevailing guidelines published by the Government and/or regulatory authorities, the Company will implement additional precautionary measures at the AGM to ensure the safety of the Shareholders attending the meeting. Details of the measures will be set out in the circular to Shareholders, and any further updates will be announced as appropriate.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AND VOTING AT 2022 AGM

For the purpose of determining shareholders who are entitled to attend and vote at the 2022 Annual General Meeting to be held on Thursday, 19 May 2022 (“2022 AGM”), whose name should be recorded in the Company’s shareholders book on Thursday, 19 May 2022. The Register of Members of the Company will be closed from Monday, 16 May 2022 to Thursday, 19 May 2022, both days inclusive. In order to qualify for attending and voting at the 2022 AGM, all share certificates with completed transfer forms either overleaf or separately must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 13 May 2022.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises Executive Directors: Mr. Liu Lit Chi (Chairman, Managing Director and Chief Executive Officer), Mr. Liu Kam Fai, Winston (Deputy Managing Director) 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, 10 March 2022

The Company’s 2021 Annual Report, containing the Directors’ Report, Financial Statements for the year ended 31 December 2021 and the Notice of Annual General Meeting, together with the circular and the Form of Proxy will be despatched to shareholders on or about 6 April 2022. All of these will be made available on the website of the HKExnews’s (www.hkexnews.hk) and the Company’s website (www.lchi.com.hk) on the same date.