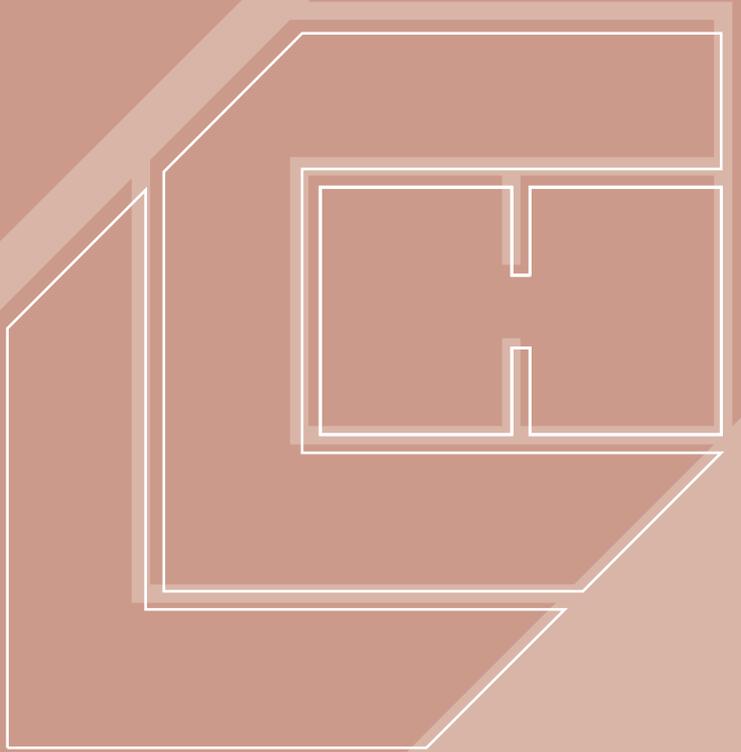




廖創興企業有限公司

Liu Chong Hing Investment Limited



STOCK CODE : 00194

2023
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

Mr. Liu Kwun Bo, Darryl

Mr. Liu Chak Hung, Adrian

Mr. Liu Kwun Hung, Tiger

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. The Hon. 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

EXECUTIVE MANAGEMENT COMMITTEE

Mr. Liu Lit Chi *(Chairman)*

Mr. Liu Kam Fai, Winston

Mr. Lee Wai Hung

Mr. Liu Kwun Bo, Darryl

Mr. Liu Chak Hung, Adrian

Mr. Liu Kwun Hung, Tiger

AUDIT COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*

Dr. The Hon. 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. The Hon. Cheng Mo Chi, Moses *(Chairman)*

Mr. Kho Eng Tjoan, Christopher

Dr. Ma Hung Ming, John

Mr. Cheng Yuk Wo

Ms. Tin Siu Kuen *(Secretary)*

CORPORATE GOVERNANCE COMMITTEE

Mr. Liu Kam Fai, Winston *(Chairman)*

Mr. Au Kam Yuen, Arthur

Dr. Ma Hung Ming, John

Mr. Lee Wai Hung

SOLICITORS

Deacons
Gallant
P. C. Woo & Co.

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

BANKERS

Bangkok Bank Public Company Limited
BNP Paribas Hong Kong Branch
Chong Hing Bank Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
MUFG Bank, Limited
Nanyang Commercial Bank, Limited
OCBC Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

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FOSHAN NANHAI OFFICE

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FOSHAN SANSHUI OFFICE

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Email: foshan@lchi.com.cn

SHAREHOLDERS' INFORMATION

FINANCIAL CALENDAR

As at 10 August 2023

Annual General Meeting	:	Held on 25 May 2023
Interim Results for six-month ended 30 June 2023	:	Announced on 10 August 2023
Dividends		
Interim cash dividend	:	HK\$0.11 per share
Payable on	:	15 September 2023
Ex-dividend date of interim dividend	:	1 September 2023
Latest time to lodge transfer forms	:	4:30 p.m. on 4 September 2023
Closure of Register of Members	:	From 5 September 2023 to 7 September 2023 (both days inclusive)
Share Registrar	:	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 2023

	NOTES	Six months ended	
		2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3A		
Contracts with customers		195,388	179,995
Rental income		145,745	156,949
Interest and dividend income		31,451	39,832
		372,584	376,776
Direct costs		(145,308)	(145,369)
		227,276	231,407
Other income		9,776	16,894
Administrative and operating expenses		(166,376)	(131,700)
Other gains and losses	4	(268,067)	27,395
Finance costs		(58,773)	(19,409)
Share of results of joint ventures		9,092	4,387
(Loss) profit before tax		(247,072)	128,974
Income tax credit (expense)	5	19,906	(9,635)
(Loss) profit for the period	6	(227,166)	119,339
(Loss) profit for the period attributable to:			
Owners of the Company		(229,444)	119,497
Non-controlling interests		2,278	(158)
		(227,166)	119,339
Basic (loss) earnings per share	7	HK\$(0.61)	HK\$0.32

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit for the period	(227,166)	119,339
Other comprehensive expense		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	(6,959)	(16,355)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(133,908)	(236,818)
Share of other comprehensive expense of joint ventures	(1,485)	(3,789)
Other comprehensive expense for the period, net of tax	(142,352)	(256,962)
Total comprehensive expense for the period	(369,518)	(137,623)
Total comprehensive expense attributable to:		
Owners of the Company	(365,450)	(127,191)
Non-controlling interests	(4,068)	(10,432)
	(369,518)	(137,623)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTES	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Non-current assets			
Investment properties	9	9,582,213	9,480,355
Property, plant and equipment	9	1,791,893	1,821,467
Right-of-use assets		913	2,307
Interests in joint ventures		567,507	571,262
Equity instruments at FVTOCI	10	268,861	275,820
Deferred tax assets		16,898	16,898
		12,228,285	12,168,109
Current assets			
Properties under development for sale		1,468,954	1,474,233
Properties held for sale		311,242	355,918
Inventories		37,626	32,994
Trade and other receivables	11	154,513	148,474
Financial assets at fair value through profit or loss ("FVTPL")	10	17,139	18,866
Fixed bank deposits with more than three months to maturity when raised		31,124	37,264
Bank balances and cash		1,427,049	1,596,788
		3,447,647	3,664,537
Current liabilities			
Trade and other payables	12	418,528	381,153
Lease liabilities		1,048	2,433
Contract liabilities		1,589	8,401
Borrowings — due within one year	13	2,247,203	992,230
Taxation payable		138,323	140,691
		2,806,691	1,524,908
Net current assets		640,956	2,139,629
Total assets less current liabilities		12,869,241	14,307,738

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

AS AT 30 JUNE 2023

	NOTES	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Non-current liabilities			
Other payables	12	59,088	106,385
Lease liabilities		–	71
Borrowings — due after one year	13	303,926	1,216,090
Deferred tax liabilities		291,472	325,203
		654,486	1,647,749
		12,214,755	12,659,989
Equity			
Share capital		381,535	381,535
Reserves		11,776,672	12,217,838
Equity attributable to:			
Owners of the Company		12,158,207	12,599,373
Non-controlling interests		56,548	60,616
Total equity		12,214,755	12,659,989

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	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 2022 (audited)	381,535	13,915	2,956,817	23,059	500,508	88,539	9,182,331	13,146,704	87,707	13,234,411
Profit (loss) for the period	-	-	-	-	-	-	119,497	119,497	(158)	119,339
Fair value loss on investments in equity instruments at FVTOCI	-	-	-	(16,355)	-	-	-	(16,355)	-	(16,355)
Exchange differences arising on translation of foreign operations	-	-	-	-	(226,544)	-	-	(226,544)	(10,274)	(236,818)
Share of other comprehensive expense of joint ventures	-	-	-	-	(3,789)	-	-	(3,789)	-	(3,789)
Other comprehensive expense for the period	-	-	-	(16,355)	(230,333)	-	-	(246,688)	(10,274)	(256,962)
Total comprehensive (expense) income for the period	-	-	-	(16,355)	(230,333)	-	119,497	(127,191)	(10,432)	(137,623)
Investment revaluation reserve reclassified to accumulated profits upon disposal of equity instrument	-	-	-	(702)	-	-	702	-	-	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	(106,003)	(106,003)	-	(106,003)
At 30 June 2022 (unaudited)	381,535	13,915	2,956,817	6,002	270,175	88,539	9,196,527	12,913,510	77,275	12,990,785

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	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 2023 (audited)	381,535	13,915	2,956,817	(5,658)	69,192	89,639	9,093,933	12,599,373	60,616	12,659,989
(Loss) profit for the period	-	-	-	-	-	-	(229,444)	(229,444)	2,278	(227,166)
Fair value loss on investments in equity instruments at FVTOCI	-	-	-	(6,959)	-	-	-	(6,959)	-	(6,959)
Exchange differences arising on translation of foreign operations	-	-	-	-	(127,562)	-	-	(127,562)	(6,346)	(133,908)
Share of other comprehensive expense of joint ventures	-	-	-	-	(1,485)	-	-	(1,485)	-	(1,485)
Other comprehensive expense for the period	-	-	-	(6,959)	(129,047)	-	-	(136,006)	(6,346)	(142,352)
Total comprehensive expense for the period	-	-	-	(6,959)	(129,047)	-	(229,444)	(365,450)	(4,068)	(369,518)
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	(75,716)	(75,716)	-	(75,716)
At 30 June 2023 (unaudited)	381,535	13,915	2,956,817	(12,617)	(59,855)	89,639	8,788,773	12,158,207	56,548	12,214,755

notes:

- (a) 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.
- (b) Property revaluation reserve represents the reserve arising from valuation of properties under property, plant and equipment upon transfer to investment properties in previous years.
- (c) 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 2023

		Six months ended	
		30 June	
	NOTE	2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		57,181	(54,059)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(34,142)	(14,698)
Advance to a joint venture		-	(279,131)
Repayment from joint ventures		9,410	22,581
Dividend received from a joint venture		1,952	3,039
Addition of an investment property		(1,148)	(1,212)
Proceed from disposal of equity instruments at FVTOCI		-	805
Proceed from disposal of investment properties		3,299	-
Net cash outflow on acquisition of subsidiaries	16	(425,286)	-
Placement of fixed bank deposits with more than three months to maturity when raised		(25,159)	(46,604)
Release of fixed bank deposits with more than three months to maturity when raised		31,107	74,184
NET CASH USED IN INVESTING ACTIVITIES		(439,967)	(241,036)
FINANCING ACTIVITIES			
New borrowings raised		377,834	376,000
Repayments of borrowings		(28,648)	(83,690)
Repayments of lease liabilities		(1,428)	(1,643)
Interest on lease liabilities		(25)	(64)
Dividends paid		(75,716)	(106,003)
Interest paid on borrowings		(55,803)	(17,084)
NET CASH FROM FINANCING ACTIVITIES		216,214	167,516
NET DECREASE IN CASH AND CASH EQUIVALENTS		(166,572)	(127,579)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		1,596,788	1,875,619
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(3,167)	(21,534)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH		1,427,049	1,726,506

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

The financial information relating to the year ended 31 December 2022 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 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 consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's 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 additional 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 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual periods beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (Including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendment to HKAS 1 and HKFRS Practices Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current interim 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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2

Disclosure of Accounting Policies

The Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies* which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statements for the year ending 31 December 2023.

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ending 31 December 2023.

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	
	2023	2022
	HK\$'000	HK\$'000
Sale of properties	54,862	42,580
Property management	14,034	12,523
Trading and manufacturing	36,030	44,088
Hotel operation	90,462	80,804
Revenue from contracts with customers	195,388	179,995
Property investment	145,745	156,949
Treasury investment		
— Interest income	18,474	22,616
— Dividend income	12,977	17,216
Total revenue	372,584	376,776

3A. REVENUE (continued)

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	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	-	54,862	-	-	-	-	54,862
Property management	-	-	14,034	-	-	-	14,034
Trading and manufacturing	-	-	-	-	36,030	-	36,030
Hotel operation	-	-	-	-	-	90,462	90,462
Revenue from contracts with customers	-	54,862	14,034	-	36,030	90,462	195,388
Property investment	145,745	-	-	-	-	-	145,745
Interest income	-	-	-	18,474	-	-	18,474
Dividend income	-	-	-	12,977	-	-	12,977
Segment revenue	145,745	54,862	14,034	31,451	36,030	90,462	372,584

	Property development HK\$'000	Property management HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Total HK\$'000
Geographical markets					
Hong Kong	-	14,034	-	37,352	51,386
PRC	54,862	-	36,030	5,481	96,373
Thailand	-	-	-	47,629	47,629
Total	54,862	14,034	36,030	90,462	195,388
Timing of revenue recognition					
A point in time	54,862	-	36,030	14,697	105,589
Over time	-	14,034	-	75,765	89,799
Total	54,862	14,034	36,030	90,462	195,388

3A. REVENUE *(continued)*

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS *(continued)*
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	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	-	42,580	-	-	-	-	42,580
Property management	-	-	12,523	-	-	-	12,523
Trading and manufacturing	-	-	-	-	44,088	-	44,088
Hotel operation	-	-	-	-	-	80,804	80,804
Revenue from contracts with customers	-	42,580	12,523	-	44,088	80,804	179,995
Property investment	156,949	-	-	-	-	-	156,949
Interest income	-	-	-	22,616	-	-	22,616
Dividend income	-	-	-	17,216	-	-	17,216
Segment revenue	156,949	42,580	12,523	39,832	44,088	80,804	376,776
	Property development HK\$'000	Property management HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Total HK\$'000		
Geographical markets							
Hong Kong	-	12,523	-	60,741	73,264		
PRC	42,580	-	44,088	3,162	89,830		
Thailand	-	-	-	16,901	16,901		
Total	42,580	12,523	44,088	80,804	179,995		
Timing of revenue recognition							
A point in time	42,580	-	44,088	10,462	97,130		
Over time	-	12,523	-	70,342	82,865		
Total	42,580	12,523	44,088	80,804	179,995		

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. During the current interim period, the CODM identified a new geographical property investment segment located in the United Kingdom (the "UK") which is aggregated in property investment segment. No other operating segment identified by the CODM has been aggregated in arriving at the reportable segment of the Group.

Specifically, the Group's 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 — 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 segment.

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000
For the six months ended 30 June 2023			
Segment revenue	147,862	54,862	21,304
Comprising:			
— revenue from customers	145,745	54,862	14,034
— inter-segment transactions (note)	2,117	-	7,270
Operating expenses	(89,948)	(38,327)	(14,988)
Loss on changes in fair value of investment properties	(235,929)	-	-
Loss on changes in fair value of financial assets at FVTPL	-	-	-
Loss on disposal of property, plant and equipment	(4)	(265)	-
Net exchange gains (losses)	1,359	(11,795)	171
Segment (loss) profit	(176,660)	4,475	6,487
Share of results of joint ventures			
Finance costs			
Loss 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
31,451	36,030	90,730	382,239	(9,655)	372,584
31,451	36,030	90,462			
-	-	268			
(17,298)	(32,533)	(118,469)	(311,563)	9,655	(301,908)
-	-	-	(235,929)	-	(235,929)
(1,727)	-	-	(1,727)	-	(1,727)
-	(75)	(2,685)	(3,029)	-	(3,029)
(15,271)	-	(1,846)	(27,382)	-	(27,382)
(2,845)	3,422	(32,270)	(197,391)	-	(197,391)
					9,092
					(58,773)
					(247,072)

3B. SEGMENT INFORMATION *(continued)*

SEGMENT REVENUE AND RESULTS *(continued)*

The following is an analysis of the Group's revenue and results by reportable segment *(continued)*

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000
For the six months ended 30 June 2022			
Segment revenue	160,208	42,580	20,494
Comprising:			
– revenue from customers	156,949	42,580	12,523
– inter-segment transactions (note)	3,259	–	7,971
Operating expenses	(65,157)	(31,087)	(14,628)
Gain on changes in fair value of investment properties	89,948	–	–
Gain on changes in fair value of financial assets at FVTPL	–	–	–
Loss on disposal of property, plant and equipment	–	–	–
Net exchange gains (losses)	243	(20,257)	253
Segment profit (loss)	185,242	(8,764)	6,119

Share of results of joint ventures

Finance costs

Profit before tax

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

Segment (loss) profit represents the (loss incurred) profit earned 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 reportable segments on the basis of revenues earned by individual reportable 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
39,832	44,088	81,185	388,387	(11,611)	376,776
39,832	44,088	80,804			
-	-	381			
(19,249)	(41,565)	(100,100)	(271,786)	11,611	(260,175)
-	-	-	89,948	-	89,948
1,030	-	-	1,030	-	1,030
-	(43)	(452)	(495)	-	(495)
(36,846)	-	(6,481)	(63,088)	-	(63,088)
(15,233)	2,480	(25,848)	143,996	-	143,996
					4,387
					(19,409)
					128,974

4. OTHER GAINS AND LOSSES

	Six months ended 30 June 2023	
	HK\$'000	2022 HK\$'000
(Loss) gain on changes in fair value of investment properties	(235,929)	89,948
(Loss) gain on changes in fair value of financial assets at FVTPL	(1,727)	1,030
Net exchange losses	(27,382)	(63,088)
Loss on disposal of property, plant and equipment	(3,029)	(495)
	(268,067)	27,395

5. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June 2023	
	HK\$'000	2022 HK\$'000
The (credit) charge comprises:		
Current tax:		
Hong Kong Profits Tax	2,832	3,848
PRC Enterprise Income Tax	1,964	4,639
	4,796	8,487
Overprovision in prior years:		
Hong Kong Profits Tax	(36)	(130)
PRC Enterprise Income Tax	(3,453)	-
	(3,489)	(130)
PRC Land Appreciation Tax ("LAT")	3,170	912
Deferred taxation	(24,383)	366
	(19,906)	9,635

Notes:

- (a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.
- (b) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.
- (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.
- (d) The domestic statutory tax rate of Thailand and UK is 20% and 25%, respectively.

6. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June 2023 HK\$'000	2022 HK\$'000
(Loss) profit for the period has been arrived at after charging:		
Staff costs including directors' emoluments	76,871	71,613
Depreciation of property, plant and equipment	49,568	50,660
Depreciation of right-of-use assets	1,347	1,554
Expense relating to short-term leases	2,028	2,019

7. BASIC (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$229,444,000 (six months ended 30 June 2022: profit for the period attributable to owners of the Company of HK\$119,497,000) and on 378,583,440 (30 June 2022: 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 2023 HK\$'000	2022 HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2022 — HK\$0.20 per share (2022: declared and paid for 2021 HK\$0.28 per share)	75,716	106,003
Dividend declared in respect of current period:		
Interim dividend declared for 2023 — HK\$0.11 per share (2022: HK\$0.18 per share)	41,644	68,145

On 10 August 2023, the Board of Directors has approved an interim cash dividend of HK\$0.11 per share (2022: HK\$0.18 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 7 September 2023.

9. PROPERTY, PLANT AND EQUIPMENT & INVESTMENT PROPERTIES

During the current interim period, the Group disposed of i) certain property, plant and equipment with an aggregate carrying amount of HK\$3,029,000 (six months ended 30 June 2022: HK\$495,000) for no cash proceeds (six months ended 30 June 2022: no cash proceeds), resulting in a loss on disposal of HK\$3,029,000 (six months ended 30 June 2022: HK\$495,000) and ii) investment properties with an aggregate carrying amount of HK\$3,299,000 (six months ended 30 June 2022: HK\$ nil) for cash proceeds of HK\$3,299,000 (six months ended 30 June 2022: HK\$ nil).

In addition, during the current interim period, the Group incurred HK\$34,142,000 (six months ended 30 June 2022: HK\$14,698,000) and HK\$1,148,000 (six months ended 30 June 2022: HK\$1,212,000) for additions of property, plant and equipment and an investment property, respectively. In addition, the Group acquired investment property through acquisition of subsidiaries amounting to approximately HK\$425,248,000 as set out in note 16.

On 30 June 2023 and 31 December 2022, 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 similar 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 decrease in fair value of investment properties of approximately HK\$235,929,000 (six months ended 30 June 2022: increase in fair value of investment properties of approximately HK\$89,948,000) has been recognised directly in profit or loss.

IMPAIRMENT ASSESSMENT

The management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment relating to hotel operations in Hong Kong and Thailand with carrying amounts of approximately HK\$1,148,148,000 (31 December 2022: HK\$1,154,123,000) and HK\$433,331,000 (31 December 2022: HK\$444,888,000). The management of the Group estimated the recoverable amount of the cash-generating unit ("CGU") to which the assets belong based on fair value less costs of disposal. The hotel in Hong Kong was measured using residual approach on a redevelopment basis. The key unobservable inputs used in the valuation included the gross development value on completion status and estimated project redevelopment cost. While the other hotel in Thailand was measured using income approach and discounted cash flow projections with 3% growth rate and pre-tax discount rate of 10%.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGU based on the fair value less cost of disposal was higher than its carrying amount. No impairment is recognised during the six months ended 30 June 2023.

10. EQUITY INSTRUMENTS AT FVTOCI AND FINANCIAL ASSETS AT FVTPL

	Financial assets at FVTPL HK\$'000	Equity instruments at FVTOCI HK\$'000	Total HK\$'000
30 June 2023			
Listed equity securities	17,139	244	17,383
Unlisted equity securities	–	223,763	223,763
Perpetual capital securities	–	44,854	44,854
	17,139	268,861	286,000
Analysed as:			
Listed in Hong Kong	17,139	45,098	62,237
Unlisted	–	223,763	223,763
	17,139	268,861	286,000
Analysed for reporting purpose as:			
Non-current assets			268,861
Current assets			17,139
			286,000
	Financial assets at FVTPL HK\$'000	Equity instruments at FVTOCI HK\$'000	Total HK\$'000
31 December 2022			
Listed equity securities	18,866	259	19,125
Unlisted equity securities	–	233,966	233,966
Perpetual capital securities	–	41,595	41,595
	18,866	275,820	294,686
Analysed as:			
Listed in Hong Kong	18,866	41,854	60,720
Unlisted	–	233,966	233,966
	18,866	275,820	294,686
Analysed for reporting purpose as:			
Non-current assets			275,820
Current assets			18,866
			294,686

11. TRADE AND OTHER RECEIVABLES

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade receivables	29,279	39,138
Lease receivables	12,414	5,673
	41,693	44,811
Deposits paid	9,898	15,323
Prepayments and other receivables	51,490	42,147
VAT receivables	51,432	46,193
	154,513	148,474

Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Monthly rentals 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 and lease receivables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Within 30 days	23,018	16,775
Between 31 days to 90 days	10,999	18,677
Over 90 days	7,676	9,359
	41,693	44,811

12. TRADE AND OTHER PAYABLES

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade payables	9,034	9,599
Construction costs and retention payables	80,943	136,570
Deposits received in respect of rental of investment properties	133,420	130,582
Rentals receipt in advance	12,330	11,597
Deposits received (note)	148,657	153,433
Other payables	93,232	45,757
	477,616	487,538
Less: Amount due for settlement within 12 months shown under current liabilities	(418,528)	(381,153)
Amount due for settlement after 12 months shown under non-current liabilities	59,088	106,385

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 2023 HK\$'000	31 December 2022 HK\$'000
Within 30 days	9,034	9,599

13. BORROWINGS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
– Secured bank borrowings	1,496,585	1,301,793
– Unsecured bank borrowings	1,050,000	900,000
– Amounts due to non-controlling shareholders	4,544	6,527
	2,551,129	2,208,320
Amounts due within one year	(17,505)	(85,703)
Amounts contain a repayment on demand clause and become repayable on demand as a result of breach of covenants	(2,229,698)	(906,527)
Total shown under current liabilities	(2,247,203)	(992,230)
	303,926	1,216,090

During the current interim period, the Group obtained bank loans of approximately HK\$377,834,000 (30 June 2022: HK\$376,000,000), repaid bank loans of approximately HK\$26,665,000 (30 June 2022: HK\$83,690,000) and repaid borrowings from non-controlling shareholder of approximately HK\$1,983,000. The proceeds were used for general working capital purposes.

As at the end of the reporting period, certain bank loans of approximately HK\$1,475,153,000 (31 December 2022: HK\$ nil) is repayable on demand as a result of breach of covenants. Included in this amount is an amount of approximately HK\$1,103,448,000 (31 December 2022: HK\$ nil), with original repayment term of more than one year, were reclassified from non-current liabilities to current liabilities. On discovery of the breach, the directors of the Company informed the lenders and commenced a renegotiation on the terms of the loans. As of the date of approval for issuance of the condensed consolidated financial statements, the negotiations and waivers are still in progress. The directors of the Company are confident that their negotiations with the lenders will ultimately reach a successful conclusion. In any event, should the lenders call for immediate repayment of the loans, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

14. CAPITAL COMMITMENTS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– Investment properties	4,841	5,049
– Others	20,317	20,317

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS 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.

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

	Fair value hierarchy			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
30 June 2023				
Financial assets at FVTPL				
Listed equity securities	17,139	-	-	17,139
Equity instruments at FVTOCI				
Listed equity securities	244	-	-	244
Unlisted equity securities	-	-	223,763	223,763
Perpetual capital securities	-	44,854	-	44,854
Total	17,383	44,854	223,763	286,000

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*
FAIR VALUE MEASUREMENTS AND VALUATION PROCESS *(continued)*

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

	Fair value hierarchy			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
31 December 2022				
Financial assets at FVTPL				
Listed equity securities	18,866	–	–	18,866
Equity instruments at FVTOCI				
Listed equity securities	259	–	–	259
Unlisted equity securities	–	–	233,966	233,966
Perpetual capital securities	–	41,595	–	41,595
Total	19,125	41,595	233,966	294,686

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 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 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 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.

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)* RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS

	Unlisted equity securities HK\$'000
Balance at 1 January 2022 (audited)	256,212
Total net losses recognised in other comprehensive income	(15,456)
Balance at 30 June 2022 (unaudited)	240,756
Balance at 1 January 2023 (audited)	233,966
Total net losses recognised in other comprehensive income	(10,203)
Balance at 30 June 2023 (unaudited)	223,763

The majority of the Group's investments are valued based on quoted market information or observable market data. A small percentage, 1.4% (31 December 2022: 1.5%), 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.

16. ACQUISITION OF SUBSIDIARIES

On 6 April 2023, Premium Realty Company Limited and Bliss Alliance Global Limited, both indirect wholly-owned subsidiaries of the Company (collectively referred to as the "Purchasers"), entered into a sale and purchase agreement with Ascot Real Estate Investments GP LLP, Aviva Life & Pensions UK Limited and PSP Jessica Trustee Limited (collectively referred to as the "Sellers"). Pursuant to the sale and purchase agreement, the Sellers agreed to sell, and the Purchasers agreed to purchase, the entire interest of Barratt House Unit Trust, Barratt House Nominee 1 Limited and Barratt House Nominee 2 Limited (collectively referred to as the "Subsidiaries"), which holds the legal ownership of the property situated at Barratt House, 341 – 349 Oxford Street, London W1, UK at a consideration of Great British Pound 44,000,520 (equivalent to approximately HK\$426,805,000).

On 6 April 2023, completion of the acquisition had taken place immediately following the entering into of the sale and purchase agreement. Upon completion, the Company, through the Purchasers, hold 100% equity interest in the Subsidiaries.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 *Business Combination* and considered the property as a single identifiable asset. Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in a single identifiable asset and concluded that the acquired set of activities and assets is not a business.

16. ACQUISITION OF SUBSIDIARIES *(continued)*

ASSETS AND LIABILITIES RECOGNISED AT THE DATE OF ACQUISITION

	HK\$'000
Investment property	425,248
Other receivables	2,723
Bank balances and cash	1,519
Other payables	(2,685)
	426,805
Net cash outflows arising on acquisition of subsidiaries:	
Consideration paid in cash	426,805
Less: bank balances and cash acquired	(1,519)
	425,286

17. RELATED PARTY DISCLOSURES

(A) RELATED PARTY TRANSACTIONS

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	
	2023	2022
	HK\$'000	HK\$'000
Short-term benefits	26,796	25,748
Post-employment benefits	1,744	1,645
	28,540	27,393

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

18. PLEDGE OF ASSETS

At the end of the reporting period, the assets shown as below were pledged to banks to secure general banking facilities made available to the Group.

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Freehold land under hotel land and buildings	491,347	552,112
Leasehold land and buildings	53,464	54,211
Investment properties	4,739,816	4,986,720

19. EVENTS AFTER THE REPORTING PERIOD

On 10 July 2023, the Group and Value Partners Asia Pacific Real Estate Limited, a wholly-owned subsidiary of Value Partners Group Limited, formed a joint venture, namely Golden Partners Investment Limited ("Golden Partners"), which is held as to 50% by the Group and 50% by Value Partners Asia Pacific Real Estate Limited. Upon establishment of Golden Partners, each party agreed to contribute shareholder loan of EUR7,000,000 to acquire 50% of the total issued units of the Cromwell Italy Urban Logistic Fund, which owns seven logistics assets in northern Italy, at the aggregate consideration of EUR13,084,000 (equivalent to HK\$112,297,000). The completion of the acquisition of the units was on 27 July 2023.



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 30, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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

10 August 2023

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2023 of HK\$0.11 per share (2022: HK\$0.18 per share), payable on Friday, 15 September 2023 to the Company's shareholders registered on Thursday, 7 September 2023.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 5 September 2023 to Thursday, 7 September 2023, 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, 4 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended 30 June 2023, the Group recorded unaudited consolidated loss of approximately HK\$227.2 million, comparing to 2022 profit amounted to approximately HK\$119.3 million, representing a decrease of approximately HK\$346.5 million. The change was mainly due to the turnaround of fair value gains of investment properties recorded in the corresponding period to fair value losses recorded in the current period. Nevertheless, the overall financial position of the Group remains healthy. The revaluation deficits are non-cash and unrealised items.

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 2023, the Group recorded gross rental revenue of approximately HK\$145.7 million, decreased by approximately HK\$11.2 million from approximately of HK\$156.9 million in the corresponding period of 2022, representing a decrease of 7.1%.

OVERALL OCCUPANCIES

The Group's overall occupancy from major investment properties maintained at 80% as at 30 June 2023.

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 2023, Chong Hing Square generated gross rental revenue of approximately HK\$27.2 million, decreased by approximately HK\$10.9 million from approximately of HK\$38.1 million in 2022. Decrease of rental revenue was due to rental concessions to existing tenants and rental loss upon new and renewal of tenancies. The occupancy was 73% as at 30 June 2023.

Chong Hing Bank Centre

Chong Hing Bank Centre, located at 24 Des Voeux Road Central, is a 26-storey Grade A office building. Having retained several floors for the Company's use, this office building was leased to Chong Hing Bank Limited for 5 years with a monthly rental of HK\$7.98 million started from 19 February 2019.

For the period ended 30 June 2023, Chong Hing Bank Center has generated rental revenue of approximately HK\$47.9 million. The management regarded the tenancy would bring stable and good rental return to the Group.

On 24 March 2023, Chong Hing Bank Limited exercised its option to renew the lease for five more years from 19 February 2024 to 18 February 2029, at a monthly rental of HK\$6.08 million, representing a decrease of 23.8%. Considering the long-term interests of the Group, the management has accepted the lease renewal.

Having taken prolonged negotiation and discussion with the management of Chong Hing Bank, we regarded Chong Hing Bank is the Group's long term strategic partner. The management, having taking into account the tenant strong financial background, surrounding office supply, and the future economic development, the decision we made could ensure the Group's long term success and competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROPERTY INVESTMENT *(continued)*

HK PROPERTIES *(continued)*

The Rockpool

The Rockpool (formerly known as Chong Yip Centre) is located at 402–404 Des Voeux Road West. The mall was revamped in 2019 and turned into a young and trendy community mall serving local neighbors providing numerous new brands of retailers and F&B outlets. After renovation, the management expected this would be one of the young and popular malls in the western district and be able to generate higher rental return.

For the period ended 30 June 2023, The Rockpool generated gross rental revenue of approximately HK\$6.2 million, increased by HK\$2.7 million from approximately of HK\$3.5 million in the corresponding period of 2022. As at 30 June 2023, the mall achieved occupancy of 67% and carparks were fully let.

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 2023, 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 100% occupancy as at 30 June 2023.

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 74% let in terms of office space and 100% let in terms of retail space as at period end.

For the period ended 30 June 2023, this office building, after taking exchange translation, generated a rental revenue of approximately HK\$50.9 million, decreased by approximately HK\$8.2 million from approximately HK\$59.1 million in 2022, representing a decrease of 14%.

Given the oversupply of office market and slow recovery of economy, the management have rolled out new and lucrative measures to retain both existing and new tenants.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROPERTY INVESTMENT *(continued)*

UNITED KINGDOM PROPERTIES

Barratt House, 341–349 Oxford Street, London

On 6 April 2023, the Group has completed the new acquisition of a UK commercial property, Barratt House, located on 341–349 Oxford Street, London. The acquisition was made by purchasing 100% of the units in a Jersey Property Unit Trust and two UK incorporated nominee companies that hold the legal title of the property. The property consists of 7 floors of accommodation with a total area of 16,200 sq.ft., including a 5,894 sq.ft. prime retail unit over basement, ground and first floors, and 8,244 sq.ft. of refurbished offices on four upper floors. From the date of acquisition to the period ended 30 June 2023, the rental income attributable to the Group was approximately HK\$5.5 million. This property recorded 100% occupancy as at 30 June 2023.

The management regarded the acquisition is a good investment given the prime location, good tenant mix, strong discounted value and future redevelopment potential.

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.

FINANCIAL AND SALE RESULTS

For the period ended 30 June 2023, the Group recorded sale revenue of approximately HK\$54.9 million, increased by approximately of HK\$12.3 million from approximately of HK\$42.6 million in 2022, representing an increase of 29%. Number of residential units sold and recognized for the year was increased from 9 units in 2022 to 18 units in 2023, and number of carparks sold was decreased from 106 units in 2022 to 49 units in 2023. In effect, the development profit was increased.

As at 30 June 2023, a total of 5,238 residential units out of total 5,264 units (representing 99%) and a total of 2,331 carpark units out of total 4,670 units (representing 50%) were successfully sold out fetching accumulated sale proceeds of approximately HK\$6 billion. The management forecasted that further sale proceeds of approximately HK\$700 million would be received if all unsold properties including residential units, carpark spaces and retail shops were sold under current market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROPERTY DEVELOPMENT *(continued)*

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, making the accommodation value of RMB7,198 per square meter.

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 Beijiang Primary School, Xindongli Center, Beijiang 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 108,000 square meters. If including the retail and commercial area of approximately 1,461 square meters on the ground floor and 874 carpark spaces mainly built at basement level, the total developable area is over 142,000 square meters.

Construction, marketing and sale

Overall construction had been completed at the end of 2022, sales office, show flats and ancillary work will be ready in August 2023. Market research and soft sales activities have already begun and official sale for the first phase will be launched in late October 2023.

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 2023, the revenue of the budget hotel increased from approximately HK\$3.2 million in 2022 to approximately HK\$5.5 million in 2023. Management believes the hotel would perform better in 2023 as China is fully reopening for tourism.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

HOTEL OPERATIONS *(continued)*

HONG KONG

ONE-EIGHT-ONE HOTEL & SERVICED RESIDENCES

The previous office building (formerly known as Western Harbour Centre), located at 181–183 Connaught Road West, was converted into a 182-room hotel and serviced residences. The hotel was in full operation after obtaining the hotel license on 2 December 2019. Apart from providing 182 guest rooms (room size ranging from 330 sq.ft. to 1,152 sq.ft.), other facilities include Sky Residences, two restaurants, Quay Club (executive lounge), gym room and a wide range of services and amenities.

For the period ended 30 June 2023, the hotel and F&B business recorded gross revenue of approximately of HK\$37.4 million, decreased by approximately of HK\$23.3 million, from approximately of HK\$60.7 million in 2022, and recorded loss before interest, tax, depreciation and amortization approximately of HK\$2.7 million. If adding depreciation approximately of HK\$29.4 million, the hotel and F&B business recorded a net loss approximately of HK\$32.1 million.

In terms of Food and Beverages, a new restaurant, The Praya, has been opened on the 3rd floor of the hotel on 31 May 2023. The Praya offers a modern twist on traditional Chinese cuisine to bring innovative tastes to guests. The management expects that the new restaurant will improve the hotel's reputation by providing a high-quality dining experience, which will increase customer loyalty and generate more business for the hotel.

The management expects the hotel business will be improved following the recovery of Hong Kong overall economy and tourist industry.

THAILAND

KIMPTON KITALAY SAMUI

In 2021, 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.

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. The hotel was in full operation since January 2022.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

HOTEL OPERATIONS *(continued)*

THAILAND *(continued)*

KIMPTON KITALAY SAMUI *(continued)*

For the period ended 30 June 2023, the hotel achieved gross revenue approximately of HK\$47.7 million and generated earnings before interest, tax, depreciation and amortization (“EBITA”) approximately of HK\$15.2 million. These figures represent a very positive performance for the period of 2023, as both gross revenue and gross operating profit exceeded the budget. This success can be attributed to the reopening of Asian regional markets and the implementation of various IHG marketing campaigns. Moving forward, the hotel’s management will closely monitor its financial and operating results. The hotel team remains committed to implementing appropriate measures to maintain this positive trend.

SHARE OF RESULTS OF JOINT VENTURES

As at 30 June 2023, the Group teamed up with Value Partners Group Limited (“Value Partners”), to acquire four logistic centers in Japan and two commercial property projects in Australia. All these logistic centers and commercial properties continued to maintain a stable rental revenue with 94%–100% occupancy.

The management believes that all joint venture investments would bring the Group stable rental returns and long term capital appreciation. For the period ended of 30 June 2023, the share of results of joint ventures was increased from approximately HK\$4.4 million in 2022 to approximately HK\$9.1 million in 2023. The increase in share results was primarily attributable to the rental income from newly acquired properties and the fair value gains of investment properties.

NEW JOINT VENTURE INVESTMENT

In July 2023, the Group, in collaboration with Value Partners, participated in a new joint venture investment to acquire a 50% share of Cromwell Italy Urban Logistics Fund which is holding seven logistics centers in Northern Italy. In effect, the Group holds 25% of the properties indirectly. The seven properties are spread across the largest cities and near key logistics hubs in northern Italy, including Milan, Bologna, Veneto and Turin. All properties are fully leased to DHL group companies with long lease terms over 10 years. The capital injection was in the form of Shareholder’s loan to the newly opened joint venture company in the amount of EUR7 million (approximately HK\$61.4 million). The management expects that the expansion and geographic diversification of our logistics portfolio will bring additional benefits to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

OUTLOOK

Hong Kong economy is still facing many difficulties and uncertainties amid of the surging interest rate and slow economic growth in the near future. But we are confident that the local consumption and overall business activities will be recovered gradually, driven by the rebounding retail and real estate markets and a gradual increase in PRC visitors and investors. The management will continue to stay focused on existing business to improving the overall financial performance through operation efficiency and asset enhancement, while also cautiously seeking out other investment opportunities.

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

As at 30 June 2023, 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	–	214,765,000 (Notes 1 and 2)	214,789,000	56.73%
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 amongst its shareholders. The above numbers of shares are duplicated under the corporate interests for each of these directors.
- Alba Holdings Limited, of which Mr. Liu Lit Chi and his associates are shareholders, beneficially holds 82,438,290 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 2023, 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	82,438,290 (note 2)	21.77%

notes:

1. Liu's Holdings Limited, a private company incorporated in Hong Kong, is owned by, amongst others, 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 2023 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 2023, the Group employed a workforce of 633 (30 June 2022: 597). Staff cost for the period include salaries, bonuses and allowances, were approximately HK\$76.9 million (30 June 2022: HK\$71.6 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.

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"), 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 C.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.

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 2023, 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 2023 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 2023 will be dispatched to the shareholders of the Company and available on the above websites on or about 1 September 2023.

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), Mr. Lee Wai Hung, Mr. Liu Kwun Bo, Darryl, Liu Chak Hung, Adrian and Liu Kwun Hung, Tiger and; Non-executive Director: Mr. Kho Eng Tjoan, Christopher; and Independent Non-executive Directors: Dr. The Hon. 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 August 2023