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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 2023

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 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3		
Contracts with customers		378,057	353,624
Rental income		302,062	301,112
Interest and dividend income		52,192	60,504
		732,311	715,240
Direct costs		(874,804)	(325,509)
		(142,493)	389,731
Other income		13,914	24,818
Administrative and operating expenses		(332,745)	(257,403)
Other gains and losses		(307,232)	114,226
Finance costs		(138,495)	(59,240)
Share of results of joint ventures		22,095	(24,127)
(Loss) profit before tax		(884,956)	188,005
Income tax credit (expense)	4	11,869	(99,206)
(Loss) profit for the year		(873,087)	88,799
(Loss) profit for the year attributable to:			
Owners of the Company		(814,937)	86,148
Non-controlling interests		(58,150)	2,651
		(873,087)	88,799
Basic (loss) earnings per share	5	HK\$(2.15)	HK\$0.23

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

	2023	2022
	HK\$'000	HK\$'000
(Loss) profit for the year	<u>(873,087)</u>	<u>88,799</u>
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")	(3,364)	(28,015)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(61,547)	(445,800)
Share of other comprehensive expense of joint ventures	<u>(46)</u>	<u>(5,358)</u>
Other comprehensive expense for the year (net of tax)	<u>(64,957)</u>	<u>(479,173)</u>
Total comprehensive expense for the year	<u>(938,044)</u>	<u>(390,374)</u>
Total comprehensive expense attributable to:		
Owners of the Company	(877,544)	(373,183)
Non-controlling interests	<u>(60,500)</u>	<u>(17,191)</u>
	<u>(938,044)</u>	<u>(390,374)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Investment properties		9,611,370	9,480,355
Property, plant and equipment		1,762,836	1,821,467
Right-of-use assets		1,769	2,307
Interests in joint ventures		635,080	571,262
Equity instruments at FVTOCI		272,456	275,820
Deferred tax assets		20,809	16,898
		12,304,320	12,168,109
Current assets			
Properties under development for sale		865,772	1,474,233
Properties held for sale		409,861	355,918
Inventories		32,418	32,994
Trade and other receivables	7	168,554	148,474
Financial assets at fair value through profit or loss (“FVTPL”)		14,732	18,866
Fixed bank deposits with more than three months to maturity when raised		45,085	37,264
Cash and cash equivalents		1,156,972	1,596,788
		2,693,394	3,664,537
Current liabilities			
Trade and other payables	8	439,684	381,153
Lease liabilities		1,122	2,433
Contract liabilities		2,235	8,401
Borrowings — due within one year		1,774,569	992,230
Taxation payable		138,425	140,691
		2,356,035	1,524,908
Net current assets		337,359	2,139,629
Total assets less current liabilities		12,641,679	14,307,738

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	<i>NOTE</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities			
Other payables	8	109,890	106,385
Lease liabilities		731	71
Borrowings — due after one year		628,783	1,216,090
Deferred tax liabilities		297,691	325,203
		<u>1,037,095</u>	<u>1,647,749</u>
		<u>11,604,584</u>	<u>12,659,989</u>
Equity			
Share capital		381,535	381,535
Reserves		11,185,255	12,217,838
		<u>11,566,790</u>	<u>12,599,373</u>
Equity attributable to:			
Owners of the Company		11,566,790	12,599,373
Non-controlling interests		37,794	60,616
		<u>11,604,584</u>	<u>12,659,989</u>
Total equity		<u>11,604,584</u>	<u>12,659,989</u>

NOTES:

1. GENERAL INFORMATION

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 Vouex 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 2023 and 2022 included in this preliminary announcement of annual results for the year ended 31 December 2023 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 2022 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 2023 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 new and amendments to HKFRSs

In the current year, 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 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and 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. During the current year, the CODM identified a new geographical property investment segment located in the United Kingdom ("the UK") which is aggregated in property investment segment. No operating segments identified by the CODM have 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 — 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 hotel and food & beverage business

Segment revenue and results

The following is an analysis of the Group's revenue and results by 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 2023</u>									
Segment revenue	307,022	66,741	46,046	52,192	82,939	197,950	752,890	(20,579)	732,311
Comprising:									
— revenue from customers	302,062	66,741	31,114	52,192	82,939	197,263			
— inter-segment transactions (<i>note</i>)	4,960	-	14,932	-	-	687			
Operating expenses	(172,908)	(653,389)	(33,498)	(33,734)	(76,805)	(243,880)	(1,214,214)	20,579	(1,193,635)
Loss on changes in fair value of investment properties	(297,478)	-	-	-	-	-	(297,478)	-	(297,478)
Loss on changes in fair value of financial assets at FVTPL	-	-	-	(4,134)	-	-	(4,134)	-	(4,134)
Loss on disposal of property, plant and equipment	(63)	(274)	-	-	(90)	(3,029)	(3,456)	-	(3,456)
Net exchange gains (losses)	10,903	(6,189)	78	(8,290)	-	1,334	(2,164)	-	(2,164)
Segment (loss) profit	<u>(152,524)</u>	<u>(593,111)</u>	<u>12,626</u>	<u>6,034</u>	<u>6,044</u>	<u>(47,625)</u>	<u>(768,556)</u>	<u>-</u>	<u>(768,556)</u>
Finance costs									(138,495)
Share of results of joint ventures									<u>22,095</u>
Loss before tax									<u>(884,956)</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>
<i>For the year ended 31 December 2022</i>									
Segment revenue	307,031	82,795	40,830	60,504	92,112	153,519	736,791	(21,551)	715,240
Comprising:									
— revenue from customers	301,112	82,795	25,763	60,504	92,112	152,954			
— inter-segment transactions (<i>note</i>)	5,919	—	15,067	—	—	565			
Operating expenses	(137,937)	(87,749)	(29,495)	(34,891)	(87,970)	(201,603)	(579,645)	21,551	(558,094)
Gain on changes in fair value of investment properties	236,530	—	—	—	—	—	236,530	—	236,530
Gain on changes in fair value of financial assets at FVTPL	—	—	—	1,246	—	—	1,246	—	1,246
Loss on disposal of property, plant and equipment	—	—	—	—	—	(6,460)	(6,460)	—	(6,460)
Net exchange gains (losses)	4,024	(40,795)	488	(76,191)	—	(4,616)	(117,090)	—	(117,090)
Segment profit (loss)	<u>409,648</u>	<u>(45,749)</u>	<u>11,823</u>	<u>(49,332)</u>	<u>4,142</u>	<u>(59,160)</u>	<u>271,372</u>	<u>—</u>	<u>271,372</u>
Finance costs									(59,240)
Share of results of joint ventures									<u>(24,127)</u>
Profit before tax									<u><u>188,005</u></u>

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

Segment (loss) profit represents the loss incurred from/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 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 (CREDIT) EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The (credit) charge comprises:		
Current tax:		
Hong Kong Profits Tax	6,090	6,660
PRC Enterprise Income Tax (“EIT”)	2,610	3,757
UK Corporation Tax	3,466	–
	<u>12,166</u>	<u>10,417</u>
Dividend withholding tax	–	5,136
Overprovision in prior years:		
Hong Kong Profits Tax	(30)	(148)
PRC EIT	(3,513)	(27,199)
	<u>(3,543)</u>	<u>(27,347)</u>
PRC Land Appreciation Tax (“LAT”)	<u>3,516</u>	<u>89,996</u>
Deferred taxation	<u>(24,008)</u>	<u>21,004</u>
	<u>(11,869)</u>	<u>99,206</u>

Notes:

- (a) The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. 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% for both years.
- (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 applicable UK corporation tax rate for the year ended 31 December 2023 is 25%.

5. BASIC (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$814,937,000 (2022: profit for the year attributable to owners of the Company of approximately HK\$86,148,000) and on 378,583,440 (2022: 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 2023 and 31 December 2022.

6. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Interim dividend paid for 2023 — HK\$0.11 per share (2022: interim dividend paid for 2022 — HK\$0.18 per share)	41,644	68,145
Final dividend paid for 2022 — HK\$0.20 per share (2022: final dividend paid for 2021 — HK\$0.28 per share)	<u>75,717</u>	<u>106,003</u>
	<u>117,361</u>	<u>174,148</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of HK\$0.17 (2022: final dividend in respect of the year ended 31 December 2022 of HK\$0.20) per share, in an aggregate amount of approximately HK\$64,359,000 (2022: HK\$75,717,000) 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	32,103	39,138
Lease receivables	<u>5,825</u>	<u>5,673</u>
	37,928	44,811
Deposits paid	9,712	15,323
Other receivables and prepayments	65,039	42,147
VAT receivables	<u>55,875</u>	<u>46,193</u>
	<u>168,554</u>	<u>148,474</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\$37,928,000 (2022: HK\$44,811,000) presented based on the invoice date at the end of the reporting period is as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	18,765	16,775
Between 31 days to 90 days	14,822	18,677
Over 90 days	4,341	9,359
	<u>37,928</u>	<u>44,811</u>

- (b) As at 31 December 2023, included in the trade receivable and lease receivables balance are debtors with aggregate carrying amount of HK\$9,294,000 (2022: HK\$10,620,000) which are past due as at the reporting date. Out of the past due balances, debtors with an aggregate carrying amount of approximately HK\$2,505,000 (2022: HK\$2,906,000) 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 and lease receivables are denominated in the functional currency of the individual entities within the Group.

8. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	10,908	9,599
Construction costs and retention payables	135,804	136,570
Deposits received in respect of rental of investment properties	139,156	130,582
Rentals receipt in advance	8,613	11,597
Deposits received (<i>note</i>)	151,249	153,433
Other payables	103,844	45,757
	549,574	487,538
Less: Amount due for settlement within 12 months shown under current liabilities	(439,684)	(381,153)
Amount due for settlement after 12 months shown under non-current liabilities	109,890	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.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	10,908	9,599

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

FINAL DIVIDEND

The Board of Directors proposes to recommend a final cash dividend for the year ended 31 December 2023 of HK\$0.17 (2022: HK\$0.20) per share together with the interim cash dividend of HK\$0.11 (2022: HK\$0.18) per share paid on 15 September 2023, makes a total cash dividend of HK\$0.28 (2022: HK\$0.38) per share. The proposed final cash dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be held on Thursday, 23 May 2024, will be paid on Friday, 7 June 2024 to the Company's shareholders registered on Friday, 31 May 2024.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF 2023 FINAL DIVIDEND

For the purpose of determining shareholders who qualify for the 2023 final dividend, whose name should be recorded in the Company's shareholders book on Friday, 31 May 2024. The Register of Members of the Company will be closed from Wednesday, 29 May 2024 to Friday, 31 May 2024, 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, 28 May 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2023, the audited consolidated losses of the Company and its subsidiaries amounted to approximately of HK\$873.1 million, comparing to 2022 profit amounted to approximately of HK\$88.8 million, representing a decrease of approximately HK\$961.9 million.

The Group's results from profit to loss was mainly caused by (1) the fair value loss of approximately HK\$297.5 million of investment properties for the year ended 31 December 2023, compared to a gain of approximately HK\$236.5 million in the previous year and (2) impairment loss recognised in respect of properties under development for sale and properties held for sale of approximately HK\$598.7 million (included in "direct costs") for the year ended 31 December 2023. It is important to note that both the fair value loss and impairment loss are non-cash items and do not impact the Group's operating cash flow.

Despite these challenges, it is worth highlighting that the overall financial and business position of the Group remains robust and healthy. While the results may reflect a temporary setback, we remain confident in our ability to navigate these circumstances and maintain our commitment to delivering long-term value to our stakeholders.

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 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 2023, the Group recorded gross rental revenue of approximately HK\$302.1 million, increased by approximately HK\$1 million from approximately HK\$301.1 million in the year of 2022, slightly increased by 0.3%.

Overall Occupancies

The Group's overall occupancy of major investment properties maintained at 85% as at 31 December 2023.

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 2023, Chong Hing Square generated a gross rental revenue of approximately HK\$56.6 million, decreased by approximately HK\$12.4 million from approximately HK\$69.0 million in 2022. Decrease of rental revenue was due to rental concessions to existing tenants and rental reversion. The occupancy was 75% as at 31 December 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 year ended 31 December 2023, Chong Hing Bank Center has generated rental revenue of approximately HK\$95.8 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 prolonged negotiations and discussions with the management of Chong Hing Bank, we regarded Chong Hing Bank is the Group's long term strategic partner. The management, having taken into account the tenant's strong financial background, the surrounding office supply, and future economic developments, believes that this decision will ensure the Group's long term success and competitiveness.

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 year ended 31 December 2023, The Rockpool generated gross rental revenue of approximately HK\$13.4 million, increased by HK\$4.9 million from approximately of HK\$8.5 million in 2022. As of today, the mall achieved occupancy of 88% 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 year ended 31 December 2023, Fairview Court recorded rental revenue of approximately HK\$6.3 million, it records net rental revenue of approximately HK\$3.1 million after rental elimination. This property recorded 80% occupancy as of 31 December 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 84% let in terms of office space and 100% let in terms of retail space as at year end. For the year ended 31 December 2023, this office building, after taken exchange translation, has generated a rental revenue of approximately HK\$102.5 million, decrease by approximately HK\$8.8 million from HK\$111.3 million of 2022.

Throughout 2023, we observed a steady increase in occupancy rates, indicating growing demand for our property in Shanghai. This serves as evidence of the effectiveness of our leasing strategies and the lucrative terms offered to attract new tenants. In 2024, we are confident that both occupancy and rental revenue for our Shanghai property will improve further, positioning us for sustained growth and profitability in the coming years.

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 property provides 7 floors of accommodation with total area of 16,200 sq.ft., consisting of 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 year ended 31 December 2023, the rental income attributable to the Group was approximately HK\$18.1 million. This property recorded 100% occupancy as at 31 December 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.

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 since September 2018.

Financial and Sale Results

For the year ended 31 December 2023, the Group recorded sale revenue of approximately HK\$66.7 million, a decrease of approximately HK\$16.1 million from approximately HK\$82.8 million, representing a 19.4% decrease. The number of residential units sold and recognized for the year remained at 20 units, the same as in 2022. However, the number of carparks sold decreased from 170 units in 2022 to 104 units in 2023.

As at 31 December 2023, a total of 5,239 out of 5,264 residential units (representing 99%) and 2,389 out of 4,670 carpark units (representing 51%) were successfully sold, fetching accumulated sale proceeds of approximately HK\$6 billion. The management forecasts that further sale proceeds of approximately HK\$700 million could be received if all unsold properties including residential units, carpark spaces and retail shops were to be sold under current market conditions.

Elegance Garden, Sanshui

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 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 and Sales

The construction work was completed at the end of 2022. Market research and sales activities have already begun and official open sale for the first phase (Block 1) was launched in November 2023. As at the date of board meeting, a total of 37 residential units were successfully sold, fetching sale proceeds of approximately RMB33.4 million. The interior decoration work is expected to be completed and will be handed over to the buyers in August 2024. An additional block (Block 6) will be ready for sale in the second quarter of 2024.

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 year ended 31 December 2023, the revenue of the budget hotel increased from approximately HK\$6.4 million in 2022 to approximately HK\$11.8 million in 2023. However, due to the lease expiration, the hotel business in Guangzhou ceased operations on 11 January 2024.

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 year ended 31 December 2023, the hotel operation recorded gross revenue of approximately HK\$77.1 million, a decrease of approximately HK\$5.1 million from the HK\$82.2 million recorded in 2022. This generated earnings before interest, tax, depreciation and amortization (“EBITDA”) of approximately HK\$20.7 million. However, if including the F&B business, overall EBITDA will be reduced.

The management expects the hotel business will improve following the recovery of the Hong Kong tourism industry. The hotel team is closely monitoring market trends and adjusting our pricing strategies accordingly. By offering competitive rates and attractive packages, we aim to capture a larger market share and maintain a strong competitive position within the hospitality industry in Hong Kong. With our strategic initiatives and commitment to excellence, we are well-positioned to capture growth opportunities and deliver sustained profitability in the years ahead.

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.

For the year ended 31 December 2023, the hotel achieved gross revenue of approximately HK\$96.3 million, an increase of approximately HK\$49.1 million from approximately HK\$47.2 million in 2022, generating EBITDA of approximately HK\$33.2 million. These figures represent a very positive performance for the year 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 31 December 2023, the Group, in partnership with the same joint venture partner, acquired four warehouses in Japan, two office buildings in Australia and seven logistic centers in Italy. All these investment properties continued to maintain stable rental revenue with 73%–100% occupancy. The management believes that all the joint venture investments will bring the Group with stable rental returns along with long term capital appreciation. For the year ended of 31 December 2023, the share of results from joint ventures increased from a loss of approximately HK\$24.1 million in 2022 to a gain of approximately HK\$22.1 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.

Outlook

Along with the challenges posed by continuing high interest rates and slow economic growth, the Hong Kong economy continues to face difficulties and uncertainties. However, with the support and introduction of various economic stimulus policies and initiatives implemented by local government, we maintain our confidence in the gradual recovery of local consumption and overall business activities, driven by the revival of the retail and real estate markets, along with a gradual increase in PRC visitors and investors. These factors are expected to stimulate economic growth and boost business activities in various sectors. Our management remains committed to improving overall financial performance through operational efficiency and asset enhancement. We will focus on optimizing existing business operations to enhance profitability and maximize returns for our stakeholders.

THE CORPORATE GOVERNANCE CODE

During the financial year ended 31 December 2023, the Company has substantially complied with the provisions of the Corporate Governance Code (the “Code”) as set out in Appendix C1 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.

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 C3 to the Listing Rules throughout the review period.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2023, 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 of four members, namely Mr. Cheng Yuk Wo (Chairman), Dr. The Hon. 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 2023 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 2023.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2023.

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, 23 May 2024, at 11:00 a.m.. The Notice of the AGM will be published on the websites of the Company and the HKExnews and despatched to Shareholders on or about 11 April 2024.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AND VOTING AT 2024 AGM

For the purpose of determining shareholders who are entitled to attend and vote at the 2024 Annual General Meeting to be held on Thursday, 23 May 2024 (“2024 AGM”), whose name should be recorded in the Company’s shareholders book on Thursday, 23 May 2024. The Register of Members of the Company will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024, both days inclusive. In order to qualify for attending and voting at the 2024 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, 17 May 2024.

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), Mr. Lee Wai Hung, Mr. Liu Kwun Bo Darryl, Mr. Liu Chak Hung Adrian and Mr. Liu Kwun Hung Tiger; 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, 14 March 2024

The Company’s 2023 Annual Report, containing the Directors’ Report, Financial Statements for the year ended 31 December 2023 and the Notice of Annual General Meeting, together with the circular and the Form of Proxy will be despatched to shareholders on or about 11 April 2024. 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.