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LIPPO LIMITED

力寶有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 226)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors of Lippo Limited (the “Company”) are pleased to announce the consolidated final results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 together with the comparative figures for the nine months ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Continuing operations			
Revenue	4	728,174	573,001
Cost of sales	7	(320,902)	(243,529)
Gross profit		407,272	329,472
Other income	5	12,155	47,388
Administrative expenses		(438,823)	(311,781)
Other operating expenses	7	(174,268)	(175,383)
Net fair value gain on financial instruments at fair value through profit or loss	7	227,411	132,361
Net fair value loss on investment properties		(12,720)	(45,427)
Gain/(Loss) on disposal of subsidiaries	16	10,119	(35,818)
Other losses — net	6	(15,398)	(11,224)
Finance costs		(57,960)	(51,923)
Share of results of associates		68,703	40,148
Share of results of joint ventures	8	632,616	(966,316)
Profit/(Loss) before tax from continuing operations	7	659,107	(1,048,503)
Income tax	9	16,765	(9,061)
Profit/(Loss) for the year/period from continuing operations		675,872	(1,057,564)
Discontinued operation			
Profit for the year/period from discontinued operation	10	-	134,599
Profit/(Loss) for the year/period		675,872	(922,965)
Attributable to:			
Equity holders of the Company		500,070	(675,325)
Non-controlling interests		175,802	(247,640)
		675,872	(922,965)
		HK\$	HK\$
Earnings/(Loss) per share attributable to equity holders of the Company			
Basic and diluted	11		
— For profit/(loss) for the year/period		1.01	(1.37)
— For profit/(loss) from continuing operations		1.01	(1.57)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Profit/(Loss) for the year/period	675,872	(922,965)
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	3,674	96,064
Exchange differences reclassified to profit or loss upon:		
Disposal of foreign subsidiaries	(3,944)	35,562
Liquidation of foreign operations	155	(3,813)
Disposal of foreign associates	1,478	-
Derecognition of a foreign associate	(144)	-
Deemed disposal of a foreign associate	-	(32)
Share of other comprehensive income/(loss) of associates	(10,230)	48,938
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	(21,151)	712,071
Other reserves	55,426	(14,167)
Adjustment for disposal of interests in a joint venture	-	282
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax	25,264	874,905
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instruments at fair value through other comprehensive income	(52,351)	(6,762)
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	(178,761)	90,561
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax	(231,112)	83,799
Other comprehensive income/(loss) for the year/period, net of tax	(205,848)	958,704
Total comprehensive income for the year/period	470,024	35,739
Attributable to:		
Equity holders of the Company	347,484	20,272
Non-controlling interests	122,540	15,467
	470,024	35,739
Total comprehensive income/(loss) for the year/period attributable to equity holders of the Company:		
— From continuing operations	347,484	(79,856)
— From discontinued operation	-	100,128
	347,484	20,272

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		31 December 2021	31 December 2020
	Note	HK\$'000	HK\$'000
Non-current assets			
Intangible assets		21,034	21,034
Exploration and evaluation assets		2,647	1,370
Fixed assets		1,143,894	1,185,997
Investment properties		742,695	748,055
Right-of-use assets		156,443	128,096
Interests in associates		1,152,754	1,181,253
Interests in joint ventures	13	10,852,360	10,236,373
Financial assets at fair value through other comprehensive income		78,638	102,993
Financial assets at fair value through profit or loss		658,527	471,676
Debtors, prepayments and other assets	14	12,025	10,615
Other financial asset		1,504	1,199
Deferred tax assets		4,225	4,815
		<u>14,826,746</u>	<u>14,093,476</u>
Current assets			
Properties held for sale		70,443	70,078
Properties under development		28,471	31,509
Inventories		18,697	15,839
Loans and advances		25,635	26,420
Debtors, prepayments and other assets	14	107,574	176,561
Financial assets at fair value through profit or loss		484,703	575,425
Tax recoverable		910	2,820
Restricted cash		-	55,844
Time deposits with original maturity of more than three months		76,425	73,034
Cash and cash equivalents		957,004	1,202,629
		<u>1,769,862</u>	<u>2,230,159</u>
Current liabilities			
Bank and other borrowings		436,813	753,031
Lease liabilities		55,027	43,565
Creditors, accruals and other liabilities	15	258,445	326,380
Other financial liabilities		9,824	23,519
Tax payable		152,134	175,324
		<u>912,243</u>	<u>1,321,819</u>
Net current assets		<u>857,619</u>	<u>908,340</u>
Total assets less current liabilities		<u>15,684,365</u>	<u>15,001,816</u>

	Note	31 December 2021 HK\$'000	31 December 2020 HK\$'000
Non-current liabilities			
Bank and other borrowings		1,382,828	1,212,929
Lease liabilities		111,360	91,967
Creditors, accruals and other liabilities	15	10,698	9,418
Other financial liability		-	1,343
Deferred tax liabilities		42,042	46,442
		1,546,928	1,362,099
Net assets		14,137,437	13,639,717
Equity			
Equity attributable to equity holders of the Company			
Share capital		986,598	986,598
Reserves		8,961,180	8,614,631
		9,947,778	9,601,229
Non-controlling interests		4,189,659	4,038,488
		14,137,437	13,639,717

Note:

1. BASIS OF PREPARATION

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The financial information also includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Following the change of the Company’s financial year end date from 31 March to 31 December, the current financial year covers a twelve-month period from 1 January 2021 to 31 December 2021 while the comparison period covers a nine-month period from 1 April 2020 to 31 December 2020.

The unaudited financial information relating to the year ended 31 December 2021 and the financial information relating to the nine months ended 31 December 2020 included in this preliminary announcement of final results for the year ended 31 December 2021 does not constitute the Company’s statutory annual consolidated financial statements for those year/period but, in respect of the nine months ended 31 December 2020, 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 is as follows:

The financial statements for the year ended 31 December 2021 have yet to be reported on by the Company’s auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the nine months ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on the financial statements of the Group for the nine months ended 31 December 2020. 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 Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the final results are consistent with those used in the Group’s audited financial statements for the nine months ended 31 December 2020, except for the adoption of the following revised HKFRSs for the first time for the current year’s final results:

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

Interest Rate Benchmark Reform — Phase 2

Covid-19-Related Rent Concessions beyond 30 June 2021
(early adopted)

The nature and the impact of the revised HKFRSs are described below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) and Singapore dollars based on the Singapore Swap Offer Rate (“SOR”) as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group’s HIBOR-based borrowings. For the SOR-based borrowings, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. A reduction in the lease payments arising from the rent concessions of HK\$5,506,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2021. There was no impact on the opening balance of equity as at 1 January 2021.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has reportable operating segments as follows:

- (a) the property investment segment includes investments relating to the letting and resale of properties;
- (b) the property development segment includes the development and sale of properties;
- (c) the treasury investment segment includes investments in money markets;
- (d) the securities investment segment includes investments in securities that are held for trading and for long-term strategic purposes;
- (e) the food businesses segment mainly includes food manufacturing and food retail operations in chains of cafés and bistros;
- (f) the healthcare services segment includes the provision of healthcare management services; and
- (g) the “other” segment comprises principally mineral exploration and extraction, the provision of property, project, fund and investment management services and investment in a closed-end fund.

The banking business segment which engages in the provision of commercial and retail banking services was classified as discontinued operation during the nine months ended 31 December 2020 (Note 10).

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss) and comprises segment results of the Company and its subsidiaries, the Group’s share of results of associates and joint ventures.

Segment results are measured consistently with the Group’s profit/(loss) before tax except that the Group’s share of results of associates and joint ventures, unallocated corporate expenses and certain finance costs are excluded from such measurement.

Segment assets exclude interests in associates and joint ventures, deferred tax assets, tax recoverable and other head office and corporate assets which are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other head office and corporate liabilities which are managed on a group basis.

Inter-segment transactions are on an arm’s length basis in a manner similar to transactions with third parties.

Year ended 31 December 2021

	Continuing operations								Discontinued operation		
	Property investment	Property development	Treasury investment	Securities investment	Food businesses	Healthcare services	Other	Inter-segment elimination	Consolidated	Banking business	Consolidated
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Revenue											
External	86,744	7,490	2,766	17,365	596,476	-	17,333	-	728,174	-	728,174
Inter-segment	3,857	-	-	-	-	-	10,674	(14,531)	-	-	-
Total	90,601	7,490	2,766	17,365	596,476	-	28,007	(14,531)	728,174	-	728,174
Segment results	34,338	(5,416)	2,766	214,515	(66,578)	(1,908)	(8,852)	(199)	168,666	-	168,666
Unallocated corporate expenses									(176,815)	-	(176,815)
Finance costs									(34,063)	-	(34,063)
Share of results of associates	-	18,473	-	-	-	25,425	24,805	-	68,703	-	68,703
Share of results of joint ventures	631,755	1,257	-	-	(396)	-	-	-	632,616	-	632,616
Profit before tax									659,107	-	659,107
Segment assets	1,468,368	88,181	463,337	1,652,134	839,196	-	26,054	(14,297)	4,522,973	-	4,522,973
Interests in associates	6,520	359,368	-	-	-	442,843	344,023	-	1,152,754	-	1,152,754
Interests in joint ventures	10,776,686	335	-	41,744	33,595	-	-	-	10,852,360	-	10,852,360
Unallocated assets									68,521	-	68,521
Total assets									16,596,608	-	16,596,608
Segment liabilities	491,592	11,321	-	57,670	494,357	418,381	367,400	(1,038,673)	802,048	-	802,048
Unallocated liabilities									1,657,123	-	1,657,123
Total liabilities									2,459,171	-	2,459,171
Other segment information:											
Capital expenditure (Note)	156	-	-	-	38,607	-	1,428	-	40,191	-	40,191
Depreciation	(19,115)	-	-	-	(90,869)	-	(499)	3,410	(107,073)	-	(107,073)
Interest income	61,931	-	2,766	-	1,953	-	373	-	67,023	-	67,023
Finance costs	(12,098)	-	-	-	(11,117)	-	(930)	248	(23,897)	-	(23,897)
Gain/(Loss) on disposal of:											
Subsidiaries	-	-	-	(3,884)	13,442	-	561	-	10,119	-	10,119
Fixed assets	-	(30)	-	-	150	-	(15)	-	105	-	105
Associates	-	-	-	-	-	-	(1,492)	-	(1,492)	-	(1,492)
Gain on derecognition of an associate	-	-	-	-	-	-	4,788	-	4,788	-	4,788
Write-back of provisions/(Provisions) for impairment losses on:											
Fixed assets	-	-	-	-	428	-	-	-	428	-	428
Joint ventures	-	-	-	-	-	(63)	(323)	-	(386)	-	(386)
Properties held for sale	777	-	-	-	-	-	-	-	777	-	777
Properties under development	-	(134)	-	-	-	-	-	-	(134)	-	(134)
Inventories	-	-	-	-	(2,608)	-	-	-	(2,608)	-	(2,608)
Loans and receivables	-	-	-	-	457	-	-	-	457	-	457
Fixed assets written off	-	-	-	-	(2,643)	-	-	-	(2,643)	-	(2,643)
Net fair value gain on financial instruments at fair value through profit or loss	-	-	-	219,314	8,097	-	-	-	227,411	-	227,411
Net fair value loss on investment properties	(12,720)	-	-	-	-	-	-	-	(12,720)	-	(12,720)
Unallocated:											
Capital expenditure (Note)									660		660
Depreciation									(15,950)		(15,950)
Finance costs									(34,063)		(34,063)
Loss on disposal of fixed assets									(6)		(6)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations									(155)		(155)

Nine months ended 31 December 2020

	Continuing operations								Discontinued operation		
	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000	Banking business HK\$'000	Consolidated HK\$'000
Revenue											
External	63,883	29,221	3,416	16,074	446,018	-	14,389	-	573,001	-	573,001
Inter-segment	2,269	-	-	-	-	-	6,070	(8,339)	-	-	-
Total	66,152	29,221	3,416	16,074	446,018	-	20,459	(8,339)	573,001	-	573,001
Segment results	(29,430)	(24,363)	3,416	135,985	(22,939)	(2,025)	(3,872)	(490)	56,282	134,883	191,165
Unallocated corporate expenses									(150,354)	-	(150,354)
Finance costs									(28,263)	-	(28,263)
Share of results of associates	-	6,590	-	-	-	7,002	26,556	-	40,148	-	40,148
Share of results of joint ventures	(967,490)	1,370	-	-	(196)	-	-	-	(966,316)	(284)	(966,600)
Profit/(Loss) before tax									(1,048,503)	134,599	(913,904)
Segment assets	1,486,104	91,641	563,192	1,661,453	909,938	-	118,376	(15,686)	4,815,018	-	4,815,018
Interests in associates	6,963	404,547	-	-	-	431,252	338,491	-	1,181,253	-	1,181,253
Interests in joint ventures	10,160,258	1,997	-	41,512	32,238	368	-	-	10,236,373	-	10,236,373
Unallocated assets									90,991	-	90,991
Total assets									16,323,635	-	16,323,635
Segment liabilities	501,605	13,056	-	61,374	547,403	416,466	472,600	(858,913)	1,153,591	-	1,153,591
Unallocated liabilities									1,530,327	-	1,530,327
Total liabilities									2,683,918	-	2,683,918
Other segment information:											
Capital expenditure (Note)	156	-	-	-	63,866	-	461	-	64,483	-	64,483
Depreciation	(14,755)	-	-	-	(61,905)	-	(943)	2,254	(75,349)	-	(75,349)
Interest income	46,066	-	3,416	-	1,911	-	1,774	-	53,167	-	53,167
Finance costs	(9,313)	-	-	-	(10,271)	-	(4,736)	660	(23,660)	-	(23,660)
Gain/(Loss) on disposal of:											
Subsidiaries	-	(35,818)	-	-	-	-	-	-	(35,818)	-	(35,818)
Fixed assets	-	-	-	-	(34)	-	-	-	(34)	-	(34)
Interests in a joint venture	-	-	-	-	-	-	-	-	-	181,663	181,663
Gain on deemed disposal of an associate	-	-	-	-	-	-	195	-	195	-	195
Provisions for impairment losses on:											
Fixed assets	(12,238)	-	-	-	-	-	-	-	(12,238)	-	(12,238)
An associate	-	-	-	-	-	-	(107)	-	(107)	-	(107)
Joint ventures	-	-	-	-	-	(212)	(980)	-	(1,192)	-	(1,192)
Properties held for sale	(620)	-	-	-	-	-	-	-	(620)	-	(620)
Properties under development	-	(149)	-	-	-	-	-	-	(149)	-	(149)
Inventories	-	-	-	-	(2,409)	-	-	-	(2,409)	-	(2,409)
Loans and receivables	-	-	-	-	(507)	-	-	-	(507)	-	(507)
Realised translation gains/(losses) reclassified to the statement of profit or loss relating to liquidation of foreign operations	-	5,714	-	-	(1,503)	-	(398)	-	3,813	-	3,813
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	128,945	3,416	-	-	-	132,361	(46,780)	85,581
Net fair value loss on investment properties	(45,427)	-	-	-	-	-	-	-	(45,427)	-	(45,427)
Unallocated:											
Capital expenditure (Note)									1,163		1,163
Depreciation									(12,581)		(12,581)
Finance costs									(28,263)		(28,263)
Loss on disposal of fixed assets									(1,340)		(1,340)

Note: Capital expenditure includes additions to fixed assets and exploration and evaluation assets.

Geographical information

(a) Revenue from external customers

	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Hong Kong	236,849	160,589
Mainland China	20,880	37,915
Republic of Singapore	447,806	356,752
Malaysia	1,006	-
Indonesia	11,278	10,186
Other	10,355	7,559
	<u>728,174</u>	<u>573,001</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	31 December 2021 HK\$'000	31 December 2020 HK\$'000
Hong Kong	1,135,844	1,172,377
Mainland China	274,358	280,202
Republic of Singapore	11,956,661	11,338,425
Malaysia	358,895	374,896
Indonesia	221,766	215,908
Other	124,303	120,449
	<u>14,071,827</u>	<u>13,502,257</u>

The non-current assets information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

Revenue of approximately HK\$96,527,000 for the year ended 31 December 2021 (nine months ended 31 December 2020 — HK\$90,271,000) was derived from sales by the food businesses segment to a single customer.

4. REVENUE

An analysis of revenue from continuing operations is as follows:

	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Revenue from contracts with customers:		
Sale of properties	3,969	29,221
Sale of goods and fast-moving consumer products	285,731	244,657
Sale of food and beverage	307,427	196,236
Provision of management services	16,742	10,923
	<u>613,869</u>	<u>481,037</u>
Revenue from other sources:		
Property rental income from operating leases	24,813	17,817
Interest income	66,905	52,561
Dividend income	17,365	16,074
Other	5,222	5,512
	<u>728,174</u>	<u>573,001</u>

Revenue from contracts with customers Disaggregated revenue information

Segments	Property development HK\$'000	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Year ended 31 December 2021				
Types of goods or services:				
Sale of properties	3,969	-	-	3,969
Sale of goods and fast-moving consumer products	-	285,731	-	285,731
Sale of food and beverage	-	307,427	-	307,427
Provision of management services	-	-	16,742	16,742
	<u>3,969</u>	<u>593,158</u>	<u>16,742</u>	<u>613,869</u>
Total revenue from contracts with customers				
Geographical markets:				
Hong Kong	-	205,024	10,729	215,753
Mainland China	3,969	-	1,824	5,793
Republic of Singapore	-	387,891	4,189	392,080
Malaysia	-	243	-	243
	<u>3,969</u>	<u>593,158</u>	<u>16,742</u>	<u>613,869</u>
Total revenue from contracts with customers				
Timing of revenue recognition:				
Goods transferred at a point in time	3,969	593,158	-	597,127
Services transferred over time	-	-	16,742	16,742
	<u>3,969</u>	<u>593,158</u>	<u>16,742</u>	<u>613,869</u>
Total revenue from contracts with customers				

Segments	Property development HK\$'000	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Nine months ended 31 December 2020				
Types of goods or services:				
Sale of properties	29,221	-	-	29,221
Sale of goods and fast-moving consumer products	-	244,657	-	244,657
Sale of food and beverage	-	196,236	-	196,236
Provision of management services	-	-	10,923	10,923
Total revenue from contracts with customers	<u>29,221</u>	<u>440,893</u>	<u>10,923</u>	<u>481,037</u>
Geographical markets:				
Hong Kong	-	132,510	7,705	140,215
Mainland China	29,221	-	1,576	30,797
Republic of Singapore	-	308,383	1,642	310,025
Total revenue from contracts with customers	<u>29,221</u>	<u>440,893</u>	<u>10,923</u>	<u>481,037</u>
Timing of revenue recognition:				
Goods transferred at a point in time	29,221	440,893	-	470,114
Services transferred over time	-	-	10,923	10,923
Total revenue from contracts with customers	<u>29,221</u>	<u>440,893</u>	<u>10,923</u>	<u>481,037</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	Property development HK\$'000	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Year ended 31 December 2021				
Revenue from contracts with customers				
External customers	3,969	593,158	16,742	613,869
Inter-segment	-	-	10,674	10,674
Total revenue from contracts with customers	<u>3,969</u>	<u>593,158</u>	<u>27,416</u>	<u>624,543</u>
Revenue from other sources — external	3,521	3,318	591	7,430
Total segment revenue	<u>7,490</u>	<u>596,476</u>	<u>28,007</u>	<u>631,973</u>
Nine months ended 31 December 2020				
Revenue from contracts with customers				
External customers	29,221	440,893	10,923	481,037
Inter-segment	-	-	6,070	6,070
Total revenue from contracts with customers	<u>29,221</u>	<u>440,893</u>	<u>16,993</u>	<u>487,107</u>
Revenue from other sources — external	-	5,125	3,466	8,591
Total segment revenue	<u>29,221</u>	<u>446,018</u>	<u>20,459</u>	<u>495,698</u>

5. OTHER INCOME

	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Government grants (<i>Note</i>)	12,037	46,782
Interest income from promissory note	118	606
	<u>12,155</u>	<u>47,388</u>

Note: Government grants mainly represent subsidies received in connection with the COVID-19 pandemic in Hong Kong and Singapore. There are no unfulfilled conditions or other contingencies attaching to these grants.

6. OTHER LOSSES — NET

	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Gain/(Loss) on disposal of:		
Fixed assets	99	(1,374)
Associates	(1,492)	-
Gain on deemed disposal of an associate	-	195
Gain on derecognition of an associate	4,788	-
Write-back of provisions/(Provisions) for impairment losses on:		
Fixed assets	428	(12,238)
An associate	-	(107)
Joint ventures	(386)	(1,192)
Properties held for sale	777	(620)
Properties under development	(134)	(149)
Inventories	(2,608)	(2,409)
Loans and receivables	457	(507)
Fixed assets written off	(2,643)	-
Foreign exchange gains/(losses) — net	(14,529)	3,364
Realised translation gains/(losses) reclassified to the statement of profit or loss relating to liquidation of foreign operations	(155)	3,813
	<u>(15,398)</u>	<u>(11,224)</u>

7. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

Profit/(Loss) before tax from continuing operations is arrived at after crediting/(charging):

	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Cost of sales:		
Cost of properties sold	(2,158)	(15,885)
Cost of inventories sold	(314,326)	(224,476)
Other	(4,418)	(3,168)
	<u>(320,902)</u>	<u>(243,529)</u>
Net fair value gain/(loss) on financial instruments at fair value through profit or loss:		
Financial assets at fair value through profit or loss mandatorily classified as such, including those held for trading:		
Equity securities	50,586	80,724
Debt securities	3,098	(410)
Investment funds	159,787	51,195
Equity linked notes	437	-
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	3,669	(864)
Derivative financial instruments	9,834	1,716
	<u>227,411</u>	<u>132,361</u>
Interest income:		
Loans and advances	64,086	49,915
Promissory note	118	606
Other	2,819	2,646
Depreciation of fixed assets	(67,926)	(45,038)
Depreciation of right-of-use assets	(55,097)	(42,892)
Selling and distribution expenses [#]	(31,914)	(22,662)
Legal and professional fees [#]	(30,178)	(23,499)
Consultancy and service fees [#]	(26,041)	(59,314)
Utilities charges [#]	(12,195)	(8,322)
Repairs and maintenance expenses [#]	(10,792)	(7,240)

[#] The amounts are included in "Other operating expenses" in the consolidated statement of profit or loss.

8. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures for the year ended 31 December 2021 mainly included share of profit of Lippo ASM Asia Property Limited (“LAAPL”, together with its subsidiaries, the “LAAPL Group”) of HK\$636,166,000 (nine months ended 31 December 2020 — share of loss of HK\$957,501,000). The change was mainly attributable to the fair value gain of the financial assets of the joint venture, lower share of fair value loss on its investment properties and higher profit contribution from its equity-accounted investees for the year ended 31 December 2021.

LAAPL is the investment vehicle holding a controlling stake in OUE Limited (“OUE”, together with its subsidiaries, the “OUE Group”). OUE is listed on the Mainboard of Singapore Exchange Securities Trading Limited. The OUE Group is a pan-Asian, full service real estate development, investment and management conglomerate with assets across the commercial, hospitality, retail, residential and healthcare sectors. Certain bank facilities of the LAAPL Group were secured by certain listed shares held under it.

9. INCOME TAX

	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Hong Kong:		
Charge for the year/period	4,737	2,165
Overprovision in prior periods	(41)	(169)
Deferred	(502)	(229)
	<u>4,194</u>	<u>1,767</u>
Mainland China and overseas:		
Charge for the year/period	2,434	11,628
Overprovision in prior periods	(18,633)	(580)
Deferred:		
Current year	(3,501)	(3,754)
Effect of change in tax rate	(1,259)	-
	<u>(20,959)</u>	<u>7,294</u>
Total charge/(credit) for the year/period from continuing operations	<u>(16,765)</u>	<u>9,061</u>

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5% (nine months ended 31 December 2020 — 8.25% or 16.5%), as appropriate. For the companies operating in mainland China and the Republic of Singapore, corporate taxes have been calculated on the estimated assessable profits for the year/period at the rates of 25% and 17% (nine months ended 31 December 2020 — 25% and 17%), respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

10. DISCONTINUED OPERATION

In September 2020, the Group disposed of its remaining 20% interest in The Macau Chinese Bank Limited (a joint venture of the Company). After the disposal, the Group ceased its banking business. Accordingly, the banking business was classified as discontinued operation. The results of the banking business for the nine months ended 31 December 2020 are presented below:

	Note	Nine months ended 31 December 2020 HK\$'000
Fair value loss on financial instrument at fair value through profit or loss		(46,780)
Share of results of a joint venture		(284)
Loss before tax		(47,064)
Income tax		-
Loss after tax from discontinued operation		(47,064)
Gain on disposal of discontinued operation		181,663
Profit for the period from discontinued operation		134,599
Other comprehensive income		
Share of fair value reserve of financial assets at fair value through other comprehensive income of a joint venture		519
Release of cumulative fair value reserve of financial assets at fair value through other comprehensive income from discontinued operation upon disposal		282
Other comprehensive income from discontinued operation		801
Total comprehensive income for the period from discontinued operation		135,400
Profit for the period attributable to:		
Equity holders of the Company		99,536
Non-controlling interests		35,063
		134,599
Total comprehensive income for the period attributable to:		
Equity holders of the Company		100,128
Non-controlling interests		35,272
		135,400
		HK\$
Earnings per share attributable to equity holders of the Company	11	
Basic and diluted		
— For profit from discontinued operation		0.20

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the year/period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 493,154,000 ordinary shares (nine months ended 31 December 2020 — approximately 493,154,000 ordinary shares) in issue during the year/period.

	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Consolidated profit/(loss) attributable to equity holders of the Company:		
From continuing operations	500,070	(774,861)
From discontinued operation	-	99,536
	<u>500,070</u>	<u>(675,325)</u>

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2021 and the nine months ended 31 December 2020.

12. DIVIDENDS

	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Interim dividend, declared — Nil (nine months ended 31 December 2020 — HK4 cents per ordinary share)	-	19,726
Final dividend, proposed, of HK4 cents (nine months ended 31 December 2020 — HK3 cents) per ordinary share	19,726	14,795
	<u>19,726</u>	<u>34,521</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. INTERESTS IN JOINT VENTURES

Reference was made to the Group's minority ownership interest in Skye Mineral Partners, LLC ("Skye") whose major asset, prior to the events described below, was substantially all of the equity interests in CS Mining, LLC ("CS Mining"), a company that owned a number of copper ore deposits in the U.S.A. Subsequently, CS Mining sold its assets through a court-supervised sale process under its bankruptcy proceedings and a former joint venture of the Company participated and won the bid to acquire the assets in August 2017. In January 2018, a verified complaint (the "Complaint") was filed in a state court in the U.S.A. by the majority investors in Skye (the "Majority Investors") individually and derivatively on behalf of Skye against, among others, certain entities and persons in or related to the Group (collectively, the "Parties"), alleging, among other things, that they suffered from diminution in the value of their equity interests in CS Mining based on an alleged scheme perpetrated by the Parties on CS Mining. The Parties filed a motion to dismiss the Complaint. As a result, the court issued a decision in 2020 to grant the motion in part and dismiss several causes of action. With respect to the remaining parts of the Complaint that were not dismissed, the court did not rule on the merits of those claims and the Parties filed their answer to the same. The Majority Investors will have to provide evidence to establish the claims that were not dismissed. The Group, individually and derivatively on behalf of Skye, also filed a counterclaim (the "Counterclaim") against the Majority Investors and their related persons (the "Counterparties"), in which the Group has claimed that the Counterparties, at all relevant times, controlled both Skye and CS Mining, preferred their own interests over those of Skye and its creditors and other owners and that this misconduct of the Counterparties caused the Group to suffer loss. The Counterparties filed a motion to dismiss the Counterclaim. In July 2021, the court issued its decision to grant the motion in part, resulting in certain counts of the Counterclaim being dismissed. Importantly, with respect to the counts of the Counterclaim that were dismissed, the court specifically ruled that the Group may present evidence of the Counterparties' alleged misconduct to defend against or set off any potential damages that may arise from the claims asserted against the Group. The Counterparties filed their answer to the remaining counts of the Counterclaim. The Group continues to believe the Complaint is wholly frivolous and without basis and will continue to defend the Complaint vigorously and also prosecute the Counterclaim against the Counterparties to recover for the harm that they caused both CS Mining and Skye.

14. DEBTORS, PREPAYMENTS AND OTHER ASSETS

Included in the balances are trade debtors with an ageing analysis, based on the invoice date and net of loss allowance, as follows:

	31 December 2021 HK\$'000	31 December 2020 HK\$'000
Outstanding balances with ages:		
Within 30 days	23,928	33,361
Between 31 and 60 days	14,762	24,514
Between 61 and 90 days	9,820	15,904
Between 91 and 180 days	1,497	1,813
	50,007	75,592

15. CREDITORS, ACCRUALS AND OTHER LIABILITIES

Included in the balances are trade creditors with an ageing analysis, based on the invoice date, as follows:

	31 December 2021 HK\$'000	31 December 2020 HK\$'000
Outstanding balances with ages:		
Within 30 days	29,985	30,470
Between 31 and 60 days	6,670	8,527
Between 61 and 90 days	699	1,061
Between 91 and 180 days	1,139	1,097
Over 180 days	109	2,545
	38,602	43,700

16. DISPOSAL OF SUBSIDIARIES

	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Net assets disposed of:		
Financial assets at fair value through other comprehensive income	3,887	-
Debtors, prepayments and other assets	104	-
Cash and cash equivalents	46	271
Creditors, accruals and other liabilities	(10,206)	(14)
	<u>(6,169)</u>	<u>257</u>
Release of cumulative exchange differences on translation of foreign operations	(3,944)	35,562
	<u>(10,113)</u>	<u>35,819</u>
Gain/(Loss) on disposal of subsidiaries	10,119	(35,818)
	<u>6</u>	<u>1</u>
Satisfied by:		
Cash	6	1
	<u>6</u>	<u>1</u>

BUSINESS REVIEW

Overview

The global economy, supported by the vaccine rollout and stimulus measures, experienced a recovery in 2021. Most of the stock markets were above pre-pandemic levels. However, new COVID-19 variants continued to present challenges and uncertainties. Various COVID-19 containment measures such as travel restrictions and social distancing measures were still implemented in the places at which the Group and its associates and joint ventures have operations. The operating environment of the Group and its associates and joint ventures remained challenging during the year under review.

Results for the Year

Following the change of the Company's financial year end date from 31 March to 31 December, the current financial year covers a twelve-month period from 1 January 2021 to 31 December 2021 (the "Year") while the comparison period covers a nine-month period from 1 April 2020 to 31 December 2020 (the "Last Period" or "2020").

The Group recorded a consolidated profit attributable to shareholders of HK\$500 million for the Year, as compared to a consolidated loss of HK\$675 million for the Last Period. The profit was largely attributable to the net fair value gain on financial instruments at fair value through profit or loss of the Group and the share of profit of joint ventures during the Year.

Revenue from continuing operations for the Year amounted to HK\$728 million (2020 — HK\$573 million). Food businesses remain the principal sources of revenue of the Group, contributing to 82% (2020 — 78%) of total revenue from continuing operations for the Year.

The Group's other operating expenses mainly included selling and distribution expenses and utilities charges for food businesses, legal and professional fees, consultancy and service fees, and repairs and maintenance expenses. Other operating expenses amounted to HK\$174 million for the Year (2020 — HK\$175 million).

Property investment

The total segment revenue from the property investment business for the Year amounted to HK\$91 million (2020 — HK\$66 million), which was mainly attributable to recurrent rental income from the Group's investment properties and interest income from the loans to joint ventures of the Group.

The Group's property investment portfolio is located mainly in Hong Kong and mainland China. Amidst the COVID-19 pandemic (the "Pandemic"), the decline in market values of properties in Hong Kong was moderate during the Year as compared with 2020. The Group recorded fair value loss on investment properties of HK\$13 million for the Year (2020 — HK\$45 million). Coupled with the absence of the provision of HK\$12 million for impairment loss on certain properties located in Hong Kong during the Last Period, segment results improved with profit before accounting for the share of results from the Group's joint ventures amounted to HK\$34 million for the Year (2020 — loss of HK\$29 million).

Lippo ASM Asia Property Limited (“LAAPL”, together with its subsidiaries, the “LAAPL Group”), a principal joint venture of the Group, is the vehicle holding a controlling stake in OUE Limited (“OUE”, together with its subsidiaries, the “OUE Group”), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and is a leading pan-Asian, full service real estate development, investment and management conglomerate with assets across the commercial, hospitality, retail, residential and healthcare sectors. As at 31 December 2021, the LAAPL Group had an equity interest of approximately 71.0% in OUE.

OUE Commercial Real Estate Investment Trust (“OUE C-REIT”), a subsidiary of OUE, is one of the largest diversified REITs listed on the SGX-ST. The property portfolio of OUE C-REIT includes OUE Bayfront, One Raffles Place, OUE Downtown Office, Hilton Singapore Orchard (formerly known as Mandarin Orchard Singapore), the adjoining Mandarin Gallery and Crowne Plaza Changi Airport in Singapore as well as Lippo Plaza in Shanghai, the People’s Republic of China (the “PRC”). The LAAPL Group had an aggregate of approximately 49.1% interest (including the OUE Group’s 48.2% interest therein) in OUE C-REIT as at 31 December 2021.

In March 2021, OUE C-REIT completed the divestment of a 50% interest in OUE Bayfront and its complementary properties which had an agreed value of S\$1,267.5 million (equivalent to approximately HK\$7.4 billion). Such divestment allowed OUE C-REIT to realise part of the capital gains from such properties.

During the Year, the OUE Group’s commercial properties remained resilient despite disruptions in business activities caused by the Pandemic and related safe management measures. Committed occupancy of Singapore office properties of OUE C-REIT’s portfolio was 91.2% as at 31 December 2021. The hospitality business declined in performance due to the refurbishment works for rebranding to Hilton Singapore Orchard and the Pandemic’s impacts.

Hilton Singapore Orchard opened in late February 2022 as the largest Hilton property in Asia-Pacific and its flagship in Singapore following extensive refurbishment and rebranding of Mandarin Orchard Singapore featuring environmental sustainability. The high-end hotel offers one of the largest event venues in the heart of Singapore’s premier shopping and entertainment district. Hilton Singapore Orchard is poised to capture the long-expected recovery of Singapore’s hospitality sector with Hilton’s strong brand recognition and global sales and distribution network.

OUE Lippo Healthcare Limited (“OUELH”), a subsidiary of OUE listed on the sponsor-supervised listing platform (the “Catalist Board”) of the SGX-ST, is a Pan-Asian healthcare group that owns, operates and invests in quality healthcare assets in high-growth Asia markets. As at 31 December 2021, the OUE Group owned approximately 70.4% equity interest in OUELH. OUELH owned 12 quality nursing homes in Japan (the “Nursing Homes”), from which it derived stable source of revenue during the Year. Apart from Wuxi Lippo Xi Nan Hospital in the PRC which is in operation, the construction and development of Changshu China Merchants-Lippo Obstetrics & Gynaecology Hospital and Shenzhen China Merchants-Lippo Prince Bay Hospital continue to progress as planned. The two hospitals to be operated by the OUELH Group’s joint venture with the China Merchants group are expected to be commissioned in 2023 and 2024 respectively. The OUELH Group’s three joint venture hospitals in Myanmar (namely, Pun Hlaing Hospitals) remained operational during the Year despite the Pandemic. Pun Hlaing Hospitals was the first private hospital group in Myanmar to be permitted to test, treat and care for COVID-19 patients. It is also the first private hospital group in Myanmar to receive approval to import Sinopharm COVID-19 vaccines.

As at 31 December 2021, the OUE Group (including that held through the OUELH Group) had an approximately 28.8% interest in First Real Estate Investment Trust (“First REIT”) which is listed on the Mainboard of the SGX-ST. First REIT is a healthcare real estate investment trust which invests in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes. As at 31 December 2021, First REIT had 19 properties comprising 16 in Indonesia and 3 in Singapore. The OUE Group participated in First REIT’s rights issue of units carried out for facilitating First REIT’s refinancing and stable capital structure during the Year.

In March 2022, the OUELH Group divested its entire interests in the Nursing Homes to First REIT for a consideration of approximately S\$163.5 million (equivalent to approximately HK\$944.9 million) (subject to adjustment) which was mainly satisfied by new units in First REIT, resulting in an increase in the OUELH Group’s direct interest in First REIT and the consolidation of First REIT as a subsidiary of the OUELH Group. The divestment has enhanced the OUELH Group’s capital structure and is in line with the OUELH Group’s asset-light strategy to focus on quality healthcare services delivery as well as repositioning First REIT with further diversification of its portfolio by geography and tenants. Following the divestment, the OUE Group’s interest in First REIT increased to 43.9%.

Apart from the above, a 40% owned joint venture of the OUE Group acquired a total of approximately 32.0% interest in PT Matahari Department Store Tbk (“MDS”), a company listed on PT Bursa Efek Indonesia (Indonesia Stock Exchange) (the “IDX”), in July 2021. MDS is a leading retail operator with 139 stores in 77 cities across Indonesia and a growing online presence. In December 2021, the OUE Group acquired an approximately 17.2% interest in PT Multipolar Tbk (“Multipolar”), a company listed on IDX. Multipolar is a consumer and technology investment company with a portfolio of businesses spanning across various sectors including omnichannel retail, consumer services, telecommunications, multimedia, technology, financial services and industrial. These two strategic acquisitions will provide the OUE Group exposure to the fast-growing retail, consumer and technology sectors.

The Group recorded a share of profit of joint ventures of HK\$636 million from its investment in LAAPL for the Year (2020 — share of loss of HK\$958 million). The positive change was mainly attributable to the fair value gain of the financial assets of the joint venture, lower share of fair value loss on its investment properties and higher profit contribution from its equity-accounted investees for the Year. The Group’s total interests in LAAPL as at 31 December 2021 amounted to HK\$10.6 billion (31 December 2020 — HK\$10.0 billion).

Property development

The Group sold part of the remaining properties at Lippo Plaza in Beijing, the PRC during the Year. The segment revenue was HK\$7 million (2020 — HK\$29 million). Before accounting for the share of results from the Group’s associates and joint ventures, the segment recorded a loss of HK\$5 million for the Year (2020 — HK\$24 million).

Sale of some of the remaining units of luxurious Marina Collection in Sentosa, Singapore (in which the Group has a 50% interest) was completed during the Year. A portion of the remaining units is leased out. The Group shared a profit of associate of HK\$18 million (2020 — HK\$7 million) from the investment.

Food businesses

The Group's food businesses segment recorded a revenue of HK\$596 million (2020 — HK\$446 million), mainly from food retail operations in chains of cafés and bistros and food manufacturing. The food retail operations in Singapore and Hong Kong were still subject to different stages of tight social distancing measures, seating restrictions, reduced dining hours and other restrictive policies over the Year. The customer traffic was affected. To help curb the spread of COVID-19 community cases around Singapore, safe management measures were tightened in Singapore during the Year especially during the heightened alert periods. Work-from-home was the default for workplace. There was a repeated cycle of no dine-in and group dining size restriction. Only takeaway and deliveries were allowed for food and beverage operators. Such restrictive measures had inevitably affected the Group's food businesses in Singapore during the Year. The traffic in Hong Kong had picked up since May 2021 after recording a long period of zero local community confirmed COVID-19 cases. To tackle the challenges during the Pandemic, the Group had launched different promotions and takeaway product activities. The takeaway and delivery sales through on-line delivery platforms helped the Group to boost its sales revenue during the Year. There was an improvement in the performance of the Chinese restaurant in the second half of the Year following the relaxation of the modes of operation of catering premises under vaccine bubble in Hong Kong. The food manufacturing business was also affected by the Pandemic as the factory in Malaysia was in limited commercial operation due to various movement control orders. As a result, the segment loss increased to HK\$67 million for the Year (2020 — HK\$23 million) as the impact of the Pandemic was continued but fewer support measures were provided by governments during the Year.

The Group will continue to focus on its food retail business and food manufacturing business. The Group is currently operating restaurants under the brands “Chatterbox Café”, “Chatterbox Express”, “alfafa”, “Delifrance”, “Maxx Coffee” and “Lippo Chiuchow Restaurant”.

Following the outbreak of the fifth wave of COVID-19 infection in Hong Kong caused by the spread of the highly transmissible Omicron variant in early 2022, the Hong Kong government has imposed stringent social distancing measures which has adversely affected the food retail business.

Treasury and securities investments

The Group managed its investment portfolio in accordance with its investment committee's terms of reference and looked for opportunities to enhance yields and seek gains. The Group invested in a diversified portfolio mainly including listed and unlisted equity securities, debt securities and investment funds. Treasury and securities investments businesses recorded a total revenue of HK\$20 million during the Year (2020 — HK\$19 million). The Group recorded a net fair value gain in the statement of profit or loss from its securities investments of HK\$219 million for the Year (2020 — HK\$129 million) under this segment, mainly deriving from listed equity securities held for trading and unlisted investment funds held for long-term strategic purposes. As a result, the treasury and securities investments businesses recorded a net profit of HK\$217 million in the statement of profit or loss for the Year (2020 — HK\$139 million).

As at 31 December 2021, the treasury and securities investments portfolio of HK\$2,115 million (31 December 2020 — HK\$2,225 million), comprised mainly cash and bank balances of HK\$887 million (31 December 2020 — HK\$1,070 million), financial assets at fair value through profit or loss (“FVPL”) of HK\$1,143 million (31 December 2020 — HK\$1,047 million) and financial assets at fair value through other comprehensive income (“FVOCI”) of HK\$79 million (31 December 2020 — HK\$103 million). Further details of securities investments under different categories are as follows:

Financial assets at fair value through profit or loss

As of 31 December 2021, the Group’s financial assets at FVPL amounted to HK\$1,143 million (31 December 2020 — HK\$1,047 million), comprising equity securities of HK\$459 million (31 December 2020 — HK\$558 million), debt securities of HK\$57 million (31 December 2020 — HK\$24 million) and investment funds of HK\$627 million (31 December 2020 — HK\$465 million).

Details of the major financial assets at FVPL were as follows:

	As at 31 December 2021			As at 31 December 2020	Year ended 31 December 2021
	Fair value HK\$’000	Approximate percentage of financial assets at FVPL	Approximate percentage to the total assets	Fair value HK\$’000	Net fair value gain/(loss) HK\$’000
Quantedge Global Fund (“Quantedge”)	84,838	7.4%	0.5%	70,314	14,452
GSH Corporation Limited (“GSH”)	78,649	6.9%	0.5%	85,730	(7,081)
Ascapia Fund II (“Ascapia”)	72,602	6.4%	0.4%	30,506	42,569
Others (<i>Note</i>)	907,141	79.3%	5.5%	860,551	163,968
Total	<u>1,143,230</u>	<u>100.0%</u>	<u>6.9%</u>	<u>1,047,101</u>	<u>213,908</u>

Note: Others comprised of various securities, none of which accounted for more than 5% of financial assets at FVPL as at 31 December 2021.

Quantedge

As at 31 December 2021, the fair value of the Group’s investment in Quantedge amounted to HK\$85 million, representing approximately 7.4% and 0.5% of the Group’s total financial assets at FVPL and total assets, respectively. The Group invested in Quantedge for long-term strategic purpose since early 2018 as its goal is in line with the Group’s investment strategy. Quantedge is an unlisted investment fund which aims to achieve absolute long-term capital growth by investing in multiple asset classes across the globe. Accordingly, the investment results may vary substantially over short periods of time. Quantedge reported positive returns for the Year, mainly contributed by the gains in the commodities and equities market, while the fixed income portfolio had faced a challenging year in 2021. As a result, the Group shared a fair value gain of HK\$14 million from the investment for the Year.

GSH

As at 31 December 2021, the fair value of the Group’s equity securities in GSH amounted to HK\$79 million, representing approximately 6.9% and 0.5% of the Group’s total financial assets at FVPL and total assets, respectively. An unrealised fair value loss of HK\$7 million was recognised by the Group for the Year. During the Year, the Group also invested in the listed convertible bonds issued by GSH. As at 31 December 2021, the fair value of the Group’s debt securities in GSH amounted to HK\$19 million, representing approximately 1.6% and 0.1% of the Group’s total financial assets at FVPL and total assets, respectively.

GSH, having its shares listed on the SGX-ST, is a property developer in Asia with five properties under development in Malaysia and mainland China. It also owns and operates the Sutera Harbour Resort in Kota Kinabalu, comprising two five-star hotels, a 104-berth marina and a 27-hole championship golf course, and the idyllic Sutera@Mantanani Resort on the Mantanani Islands in Sabah. The business operation of GSH was affected by the Pandemic. With the recommendation to reopen borders by the Malaysian government, it may foster a positive effect on GSH's business operation environment. The share price of GSH may continue to fluctuate.

Ascapia

As at 31 December 2021, the fair value of the Group's investment in Ascapia amounted to HK\$73 million, representing approximately 6.4% and 0.4% of the Group's total financial assets at FVPL and total assets, respectively. The Group invested in Ascapia for strategic purpose from the beginning of year 2018. Ascapia is an unlisted investment fund with investment objective to preserve capital and deliver attractive risk-adjusted returns and to outperform the market indices in bearish markets. The investment manager seeks to avoid securities that it considers to be fraudulent, faddish, or financially unsustainable and actively attempts to hedge tail-risk with currency, commodities or futures. The Group reported a fair value gain of HK\$43 million for its investment in Ascapia for the Year, primarily driven by a strong performance in the consumer discretionary sector.

Financial assets at fair value through other comprehensive income

In addition to the above investments under financial assets at FVPL, the Group also invested in equity securities which are held for long term strategic purposes. Such investments were recorded under financial assets at FVOCI. As at 31 December 2021, the fair value of such investments amounted to HK\$79 million (31 December 2020 — HK\$103 million). During the Year, net fair value loss of HK\$52 million was recognised in other comprehensive income from these investments. Such fair value loss was mainly attributable to the unrealised fair value loss on the Group's investments in eBroker Holding Limited ("eBroker").

eBroker's core business was established in Shanghai, the PRC, facilitating financial and insurance services between wealthy individuals, financial institutions and insurance issuers overseas via its online wealth management platform. The carrying amount of the Group's investment in eBroker amounted to HK\$13 million as at 31 December 2021, representing approximately 16% and 0.1% of the Group's total financial assets at FVOCI and total assets, respectively. The Group invested approximately HK\$7.6 million in eBroker. Before accounting for the fair value loss for the Year, the Group had recorded unrealised fair value gain in prior years in an amount of approximately HK\$70 million by reference to eBroker's latest round financing in early 2019. Given the challenges amid stricter regulatory environment in mainland China, the fair value as at 31 December 2021 was estimated based on a higher probability that the Group's investment in eBroker will be redeemed. As a result, the Group recorded an unrealised fair value loss of HK\$65 million through other comprehensive income for the Year. Such unrealised fair value loss is a non-cash item and would not affect the cashflow of the Group.

Healthcare services

The Group's healthcare services business is mainly carried out through its investments in Healthway Medical Corporation Limited ("Healthway", together with its subsidiaries, the "HMC Group"), an associate of the Company. As at 31 December 2021, the Group was interested in approximately 40.8% of the issued shares in Healthway. Healthway is a company listed on the Catalist Board of the SGX-ST and a well-established private healthcare provider in Singapore. The HMC Group currently owns, operates and manages close to 100 medical centres and clinics and is the largest outpatient clinic chain in Singapore.

The HMC Group recorded a significant increase in revenue for the Year. Such increase was mainly due to the increase in revenue from both the primary healthcare segment and the specialist healthcare segment. The increase in revenue of primary healthcare segment was driven by higher patient volume as compared to 2020 and was further supplemented by revenue from vaccination, COVID-19 polymerase chain reaction (“PCR”) and serology testing projects. The revenue for the specialist healthcare segment increased due to rise in demand compared to 2020, which was impacted by circuit breaker measures imposed by the Singapore government during 2020. As a result, the HMC Group registered an increase in profit attributable to shareholders for the Year and the Group recognised a higher share of profit of HK\$25 million (2020 — HK\$7 million) for the Year accordingly. As at 31 December 2021, the Group’s interest in Healthway amounted to HK\$443 million (31 December 2020 — HK\$431 million).

The HMC Group remains committed in supporting nationwide efforts to inoculate the population in Singapore. In September 2021, the HMC Group began administering the first batch of Sinopharm COVID-19 vaccines, at selected clinics. The HMC Group will continue to offer COVID-19 PCR, serology and Antigen Rapid Testing (“ART”) across 51 of its clinics and run two Quick Test Centres where the public can take a self-administered ART supervised by an approved COVID-19 test provider. In October 2021, the HMC Group completed the acquisition of a primary healthcare chain operating nine clinics, with the majority of clinics located primarily in key locations in Singapore’s commercial business district, to expand its footprint of general practitioner clinics and meet the growing needs of the primary care sector. The HMC Group is also expanding its repertoire of specialist doctors, from growing its paediatric and orthopaedic specialities to launching new verticals across the full spectrum of adult specialist disciplines.

Other businesses

TIH

The Group recorded a share of profit of HK\$25 million from its investment in TIH Limited (“TIH”), an associate of the Company and listed on the Mainboard of the SGX-ST for the Year (2020 — HK\$25 million), mainly attributable to fair value gain on its equity investments and investment funds. The Group’s interests in TIH as at 31 December 2021 increased to HK\$291 million (31 December 2020 — HK\$275 million).

TIH currently has two business segments, that is, investment business and fund management. Under investment business, TIH is seeking capital appreciation and investment income from special situation investments in both public and private companies, acquisitions of secondary portfolio and non-core assets, private credit and long-term strategic private equity. Under fund management, TIH’s aim is to procure recurring fee-based income from managing third party investment funds under its wholly-owned subsidiary, TIH Investment Management Pte. Ltd., which holds a capital markets services licence from the Monetary Authority of Singapore.

Financial Position

The Group’s financial position remained healthy. As at 31 December 2021, its total assets amounted to HK\$16.6 billion (31 December 2020 — HK\$16.3 billion). Property-related assets amounted to HK\$12.7 billion as at 31 December 2021 (31 December 2020 — HK\$12.2 billion), representing 77% (31 December 2020 — 74%) of the total assets. Total liabilities amounted to HK\$2.5 billion (31 December 2020 — HK\$2.7 billion). As at 31 December 2021, total cash and cash equivalents and time deposits amounted to HK\$1.0 billion (31 December 2020 — HK\$1.3 billion). Current ratio as at 31 December 2021 increased to 1.9 (31 December 2020 — 1.7).

As at 31 December 2021, bank and other borrowings of the Group amounted to HK\$1,820 million (31 December 2020 — HK\$1,966 million), which included bank borrowings of HK\$1,720 million (31 December 2020 — HK\$1,577 million) and other loan of HK\$100 million (31 December 2020 — HK\$100 million). As at 31 December 2020, the balance also included unsecured notes of HK\$289 million which were fully redeemed in February 2021.

As at 31 December 2021, bank borrowings comprised secured bank loans of HK\$1,447 million (31 December 2020 — HK\$1,430 million) and unsecured bank loans of HK\$273 million (31 December 2020 — HK\$145 million). The balance as at 31 December 2020 also included an unsecured bank overdraft of HK\$2 million. The bank borrowings were denominated in Hong Kong dollars, Singapore dollars and Malaysian Ringgits. The bank loans were secured by fixed and floating charges on certain properties and assets of certain subsidiaries and shares in certain subsidiaries of the Group. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 31 December 2021, approximately 3% (31 December 2020 — 4%) of the Group's bank borrowings effectively carried fixed rate of interest and the remaining were at floating rates. Other loan, denominated in Hong Kong dollars, was unsecured fixed rate loan from a holding company of the Company.

As at 31 December 2021, approximately 24% (31 December 2020 — 38%) of the bank and other borrowings were repayable within one year. As at 31 December 2021, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 14.2% (31 December 2020 — 16.0%). The Group does not expect any liquidity pressures under the prolonged Pandemic.

The net asset value attributable to equity holders of the Company amounted to HK\$9.9 billion as at 31 December 2021 (31 December 2020 — HK\$9.6 billion). This was equivalent to HK\$20.2 per share as at 31 December 2021 (31 December 2020 — HK\$19.5 per share).

The Group monitors the relative foreign exchange position of its assets and liabilities to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure.

The Group had bankers' guarantees issued in lieu of rental and utility deposits for the premises used for operation of food businesses. As at 31 December 2021, the Group has secured bankers' guarantees of HK\$1 million (31 December 2020 — HK\$2 million) and unsecured bankers' guarantees of HK\$3 million (31 December 2020 — HK\$2 million). The secured bankers' guarantees were secured by corporate guarantees from the shareholders of a subsidiary and certain assets of the Group. Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Year (31 December 2020 — Nil).

Total commitment of the Group as at 31 December 2021 amounted to HK\$114 million (31 December 2020 — HK\$57 million), which are mainly related to the committed investments in certain unlisted investment funds for long-term strategic purpose. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had 830 full-time employees as at 31 December 2021 (31 December 2020 — 987 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Year amounted to HK\$348 million (2020 — HK\$246 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

PROSPECTS

A growing number of countries, including Singapore, across the world have uplifted or announced plans to uplift all or part of the lock-down and other containment measures against the Pandemic in the first quarter of 2022. This is an encouraging development which will revitalise economy as well as international travel and tourism. However, the economy in 2022 is expected to be in a weaker position than previously expected. Rising energy prices and supply chain disruptions would exacerbate inflationary pressures and weigh on global economic growth. The geographical tensions involving Russia and Ukraine add uncertainty to the global economy.

While the Group and its associates and joint ventures are poised to capitalise on economic and travel recovery, they will remain vigilant towards adverse factors such as new threats of the Pandemic, geopolitical uncertainties, widely expected interest rate hikes and changes of government monetary policies. The Group and its associates and joint ventures will continue to monitor and adapt to any changes to the operating environment and will exercise prudence in their capital management and expenditure.

DIVIDENDS

The Directors have resolved to recommend to shareholders at the forthcoming Annual General Meeting to be held on Wednesday, 8 June 2022 (the “2022 AGM”) the payment of a final dividend of HK4 cents per share (2020 — HK3 cents per share) amounting to approximately HK\$19.7 million for the year ended 31 December 2021 (2020 — approximately HK\$14.8 million). No interim dividend was declared (2020 — HK4 cents per share). Total dividends for the year ended 31 December 2021 will be HK4 cents per share (2020 — HK7 cents per share) amounting to approximately HK\$19.7 million (2020 — approximately HK\$34.5 million). Subject to the approval of shareholders at the 2022 AGM, the final dividend will be paid on or about Wednesday, 29 June 2022 to shareholders whose names appear on the Register of Members on Friday, 17 June 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed during the following periods:

- (i) from Thursday, 2 June 2022 to Wednesday, 8 June 2022 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2022 AGM. In order to be entitled to attend and vote at the 2022 AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Registrar, Tricor Progressive Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 1 June 2022; and
- (ii) from Wednesday, 15 June 2022 to Friday, 17 June 2022 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders’ entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Registrar, Tricor Progressive Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 14 June 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year ended 31 December 2021, there was no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance practices. The Board of Directors of the Company (the “Board”) believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders’ expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance so as to safeguard the interests of shareholders and enhance shareholder value.

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2021.

AUDIT COMMITTEE

The Company has established an audit committee (the “Committee”). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters and has reviewed and agreed with the consolidated financial statements of the Group for the year ended 31 December 2021.

AUDITOR’S PROCEDURES ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 (the “Year”) as set out in this preliminary announcement have been agreed by the Group’s independent auditor, Ernst & Young, to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this preliminary announcement.

By Order of the Board
Lippo Limited
John Luen Wai Lee
Managing Director and Chief Executive Officer

Hong Kong, 31 March 2022

As at the date of this announcement, the Board of Directors of the Company comprises seven directors, of which Dr. Stephen Riady (Chairman) and Mr. John Luen Wai Lee (Managing Director and Chief Executive Officer) as executive Directors, Messrs. Jark Pui Lee and Leon Nim Leung Chan as non-executive Directors and Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung as independent non-executive Directors.