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HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 655)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board of Directors (the “**Board**”) of Hongkong Chinese Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”) together with the comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Unaudited	
		Six months ended 30 June	
		2022	2021
	Note	HK\$'000	HK\$'000
Revenue	4	36,656	41,159
Cost of sales		(945)	(3,216)
Gross profit		35,711	37,943
Administrative expenses		(18,181)	(17,255)
Other operating expenses	6	(9,860)	(9,766)
Other gains/(losses) — net	5	19,745	(117)
Finance costs		(3,785)	(8,356)
Share of results of associates		6,393	5,035
Share of results of joint ventures	7	268,653	170,133
Profit before tax	6	298,676	177,617
Income tax	8	(2,048)	(2,178)
Profit for the period		296,628	175,439
Attributable to:			
Equity holders of the Company		297,144	176,035
Non-controlling interests		(516)	(596)
		296,628	175,439
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company	9		
Basic and diluted		14.9	8.8

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Profit for the period	296,628	175,439
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	(21,791)	(7,449)
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	(21,689)	-
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	(449,488)	(92,314)
Other reserve	51,931	32,816
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	(441,037)	(66,947)
Other comprehensive 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	(14)	(7)
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	(281,634)	(9,125)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	(281,648)	(9,132)
Other comprehensive loss for the period, net of tax	(722,685)	(76,079)
Total comprehensive income/(loss) for the period	(426,057)	99,360
Attributable to:		
Equity holders of the Company	(424,670)	99,726
Non-controlling interests	(1,387)	(366)
	(426,057)	99,360

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022	31 December 2021
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Fixed assets		14,127	17,207
Investment properties		147,114	151,491
Right-of-use assets		107	240
Interests in associates	11	363,212	365,888
Interests in joint ventures	7	10,409,201	10,789,640
Financial assets at fair value through other comprehensive income		71	91
Financial assets at fair value through profit or loss		3,200	3,100
		10,937,032	11,327,657
Current assets			
Properties held for sale		67,197	69,663
Properties under development		24,479	28,471
Loans and advances		7,693	8,210
Debtors, prepayments and other assets	12	2,395	3,189
Financial assets at fair value through profit or loss		8,098	10,684
Tax recoverable		162	157
Cash and cash equivalents		128,298	122,211
		238,322	242,585
Current liabilities			
Lease liabilities		112	251
Other payables, accruals and other liabilities		21,182	26,309
Tax payable		35,450	34,731
		56,744	61,291
Net current assets		181,578	181,294
Total assets less current liabilities		11,118,610	11,508,951

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current liabilities			
Bank loans	13	334,333	272,556
Deferred tax liabilities		14,900	15,572
		<u>349,233</u>	<u>288,128</u>
Net assets		<u>10,769,377</u>	<u>11,220,823</u>
Equity			
Equity attributable to equity holders of the Company			
Share capital		1,998,280	1,998,280
Reserves		8,752,322	9,202,381
		<u>10,750,602</u>	<u>11,200,661</u>
Non-controlling interests		18,775	20,162
		<u>10,769,377</u>	<u>11,220,823</u>

Note:

1. BASIS OF PREPARATION

The interim results are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The interim results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021. The interim results have been reviewed by the audit committee of the Company.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim results are consistent with those used in the Group’s audited financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), HKASs and Interpretations (hereinafter collectively referred to as the “**revised HKFRSs**”) for the first time for the current period’s interim results:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant financial effect on the interim results. The Group has not applied any new standard or interpretation that is not yet effective for the current financial period.

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; and
- (e) the “other” segment comprises principally the provision of project management services.

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.

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000
Six months ended 30 June 2022						
Revenue — external	34,489	-	187	314	1,666	36,656
Segment results	27,445	19,289	187	(1,047)	(873)	45,001
Unallocated corporate expenses						(21,371)
Share of results of associates	-	6,393	-	-	-	6,393
Share of results of joint ventures	268,653	-	-	-	-	268,653
Profit before tax						298,676
Other segment information:						
Depreciation	(13)	-	-	-	(134)	(147)
Interest income	30,479	-	187	-	122	30,788
Finance costs	(3,782)	-	-	-	(3)	(3,785)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	-	22,055	-	-	-	22,055
Net fair value loss on financial instruments at fair value through profit or loss	-	-	-	(1,355)	-	(1,355)
Unallocated:						
Capital expenditure (<i>Note</i>)						17
Depreciation						(2,778)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations						(366)
Six months ended 30 June 2021						
Revenue — external	34,569	3,622	188	333	2,447	41,159
Segment results	22,417	(1,429)	188	788	639	22,603
Unallocated corporate expenses						(20,154)
Share of results of associates	-	5,035	-	-	-	5,035
Share of results of joint ventures	170,153	(20)	-	-	-	170,133
Profit before tax						177,617
Other segment information:						
Capital expenditure (<i>Note</i>)	39	-	-	-	-	39
Depreciation	(6)	-	-	-	(136)	(142)
Interest income	30,918	-	188	-	128	31,234
Finance costs	(8,347)	-	-	-	(9)	(8,356)
Loss on disposal of fixed assets	-	(29)	-	-	-	(29)
Net fair value gain on financial instruments at fair value through profit or loss	-	-	-	459	-	459
Unallocated:						
Depreciation						(2,884)

Note: Capital expenditure includes additions to fixed assets.

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000
At 30 June 2022 (unaudited)						
Segment assets	180,763	80,795	108,937	11,369	7,873	389,737
Interests in associates	6,051	357,161	-	-	-	363,212
Interests in joint ventures	10,409,201	-	-	-	-	10,409,201
Unallocated assets						13,204
Total assets						<u>11,175,354</u>
Segment liabilities	338,613	9,685	-	-	215	348,513
Unallocated liabilities						57,464
Total liabilities						<u>405,977</u>
At 31 December 2021 (audited)						
Segment assets	185,303	87,348	102,920	13,875	8,521	397,967
Interests in associates	6,520	359,368	-	-	-	365,888
Interests in joint ventures	10,789,640	-	-	-	-	10,789,640
Unallocated assets						16,747
Total assets						<u>11,570,242</u>
Segment liabilities	278,218	10,491	-	-	344	289,053
Unallocated liabilities						60,366
Total liabilities						<u>349,419</u>

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
Sale of properties	-	3,622
Provision of project management services	<u>1,534</u>	<u>2,296</u>
	1,534	5,918
Revenue from other sources:		
Property rental income from operating leases	4,010	3,651
Interest income	30,788	31,234
Dividend income	314	333
Other	<u>10</u>	<u>23</u>
	36,656	41,159

Disaggregated revenue information for revenue from contracts with customers

Segments	Property development HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 June 2022			
Types of goods or services:			
Provision of project management services	-	1,534	1,534
Total revenue from contracts with customers	-	1,534	1,534
Geographical markets:			
Republic of Singapore	-	1,534	1,534
Total revenue from contracts with customers	-	1,534	1,534
Timing of revenue recognition:			
Services transferred over time	-	1,534	1,534
Total revenue from contracts with customers	-	1,534	1,534
Six months ended 30 June 2021			
Types of goods or services:			
Sale of properties	3,622	-	3,622
Provision of project management services	-	2,296	2,296
Total revenue from contracts with customers	3,622	2,296	5,918
Geographical markets:			
Mainland China	3,622	-	3,622
Republic of Singapore	-	2,296	2,296
Total revenue from contracts with customers	3,622	2,296	5,918
Timing of revenue recognition:			
Goods transferred at a point in time	3,622	-	3,622
Services transferred over time	-	2,296	2,296
Total revenue from contracts with customers	3,622	2,296	5,918

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	Other HK\$'000	Total HK\$'000
Six months ended 30 June 2022			
Revenue from contracts with external customers	-	1,534	1,534
Revenue from other sources — external	-	132	132
	<u>-</u>	<u>1,666</u>	<u>1,666</u>
Six months ended 30 June 2021			
Revenue from contracts with external customers	3,622	2,296	5,918
Revenue from other sources — external	-	151	151
	<u>3,622</u>	<u>2,447</u>	<u>6,069</u>

5. OTHER GAINS/(LOSSES) — NET

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
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	(1,452)	392
Debt securities	100	20
Investment funds	(3)	47
	<u>(1,355)</u>	459
Loss on disposal of fixed assets	-	(29)
Foreign exchange losses — net	(589)	(547)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	<u>21,689</u>	-
	<u>19,745</u>	<u>(117)</u>

6. PROFIT BEFORE TAX

Profit before tax is arrived at after crediting/(charging):

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interest income:		
Loans and advances	30,601	31,046
Other	187	188
Depreciation of fixed assets	(2,795)	(2,894)
Depreciation of right-of-use assets	(130)	(132)
Legal and professional fees [#]	(1,682)	(1,556)
Consultancy and service fees [#]	(2,905)	(2,906)
Cost of properties sold	-	(1,969)

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

7. SHARE OF RESULTS OF JOINT VENTURES/INTERESTS IN JOINT VENTURES

Share of results of joint ventures for the six months ended 30 June 2022 mainly included share of profit of Lippo ASM Asia Property Limited ("LAAPL", together with its subsidiaries, the "LAAPL Group") of HK\$271,049,000 (2021 — HK\$172,600,000). The increase in profit was mainly due to the improvement in the performance of the hospitality business and net fair value gain of financial assets of the joint venture and increase in profit contribution from its equity-accounted investees for the six months ended 30 June 2022. As at 30 June 2022, the Group's total interests in LAAPL was approximately HK\$10,264,696,000 (31 December 2021 — HK\$10,643,213,000).

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 "SGX-ST"). The OUE Group is a pan-Asian, full service real estate development, investment and management conglomerate with assets across the commercial, hospitality, retail, residential, healthcare and consumer sectors. Certain bank facilities of the LAAPL Group were secured by certain listed shares held under it.

8. INCOME TAX

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong:		
Charge for the period	2,105	2,300
Underprovision in prior periods	-	4
Deferred	(10)	(17)
	<u>2,095</u>	<u>2,287</u>
Mainland China and overseas:		
Charge for the period	159	128
Deferred	(206)	(237)
	<u>(47)</u>	<u>(109)</u>
Total charge for the period	<u>2,048</u>	<u>2,178</u>

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5% (2021 — 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 period at the rates of 25% and 17% (2021 — 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.

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 1,998,280,000 ordinary shares (2021 — approximately 1,998,280,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2022 and 2021.

10. INTERIM DIVIDEND

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interim dividend, declared, of HK1 cent per ordinary share (2021 — Nil)	<u>19,983</u>	<u>-</u>

The interim dividend was declared after the end of the reporting period and hence was not accrued on that date.

11. INTERESTS IN ASSOCIATES

Greenix Limited (“**Greenix**”) is considered as a material associate of the Group. As at 30 June 2022, the Group’s interest in Greenix was approximately HK\$357,161,000 (31 December 2021 — HK\$359,368,000). Greenix and its subsidiaries are engaged in property development in Singapore.

12. 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:

	30 June 2022 HK\$’000	31 December 2021 HK\$’000
Outstanding balances with ages:		
Within 30 days	23	48
Over 60 days	-	87
	<u>23</u>	<u>135</u>

13. BANK LOANS

	30 June 2022 HK\$’000	31 December 2021 HK\$’000
Unsecured bank loans (<i>Note</i>)	<u>334,333</u>	<u>272,556</u>
Bank loans repayable:		
In the third to fifth years, inclusive	<u>334,333</u>	<u>272,556</u>

Note: The Group’s bank loans were denominated in Hong Kong dollars and bore interest at floating rate. The Company has provided corporate guarantee for the bank loans granted to a subsidiary of the Company.

BUSINESS REVIEW

Overview

Following the progressive lifting of restrictions relating to the COVID-19 coronavirus pandemic (the “**Pandemic**”) and reopening of borders in Singapore during the Period, business confidence there continued to revitalise on the back of a recovery in consumption and tourist arrivals thereby contributing to the significant improvement in the performance of the Group’s joint ventures in Singapore while the Group’s businesses remained moderate due to the market conditions.

Results for the Period

The Group recorded a consolidated profit attributable to shareholders of approximately HK\$297 million for the Period (2021 - approximately HK\$176 million). The increase in profit was largely attributable to increase of share of profit of the LAAPL Group mainly resulted from the improvement in the performance of the hospitality business and net fair value gain of financial assets of the joint venture and increase in profit contribution from its equity-accounted investees.

Revenue for the Period amounted to approximately HK\$37 million (2021 - approximately HK\$41 million). Property investment and development businesses contributed to 94% (2021 - 93%) of total revenue for the Period.

The Group’s other operating expenses mainly included legal and professional fees and consultancy and service fees. Other operating expenses amounted to approximately HK\$10 million for the Period (2021 - approximately HK\$10 million).

Property Investment

Segment revenue from the property investment business was mainly attributable to recurrent rental income from the Group’s investment properties and interest income from the loans to joint ventures of the Company. Segment revenue for the Period amounted to approximately HK\$34 million (2021 – approximately HK\$35 million). Segment profit for the Period before accounting for the share of results from the Group’s joint ventures amounted to approximately HK\$27 million (2021 - approximately HK\$22 million).

LAAPL, a principal joint venture of the Company, held through its subsidiaries a controlling stake of approximately 71.3% equity interest in OUE as at 30 June 2022. OUE is listed on the Mainboard of the SGX-ST. The OUE Group is a leading pan-Asian, full service real estate development, investment and management conglomerate with assets across the commercial, hospitality, retail, residential, healthcare and consumer sectors. Best known for its landmark property portfolio in Singapore, the OUE Group consistently leverages its expertise in property development and asset management to maximise yield and unlock value. As at 30 June 2022, its total real estate portfolio was valued at approximately S\$9.4 billion (approximately HK\$53 billion). It directly owns Downtown Gallery, a lifestyle retail mall in Singapore with net lettable area of approximately 13,000 sq.m.

The OUE Group participates in Indonesia’s rapidly growing digital and consumer sectors through a 40% owned joint venture which had an approximately 32% interest in PT Matahari Department Store Tbk (“**MDS**”, which is listed on PT Bursa Efek Indonesia (Indonesia Stock Exchange) (the “**IDX**”)) as at 30 June 2022. MDS is a leading retail operator in Indonesia with nearly 1,000,000 sq.m. of retail space in total and a growing online presence. As at 30 June 2022, MDS operated 140 stores in 77 cities across Indonesia. The OUE Group also had an approximately 16% interest in PT Multipolar Tbk (“**Multipolar**”, which is listed on the IDX; together with its subsidiaries, the “**Multipolar Group**”). 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. The Multipolar Group’s retail division operates supermarkets, hypermarkets and other retail formats across more than 200 locations in Indonesia as well as e-grocery business.

The LAAPL Group had in aggregate an approximately 49.2% interest in OUE Commercial Real Estate Investment Trust (“**OUE C-REIT**”, which is listed on the Mainboard of the SGX-ST) (including the OUE Group’s approximately 48.3% interest therein) as at 30 June 2022. OUE C-REIT’s portfolio of 7 high-quality prime properties includes OUE Bayfront, One Raffles Place, OUE Downtown Office, 1,080-room Hilton Singapore Orchard, the adjoining Mandarin Gallery and the 563-room Crowne Plaza Changi Airport in Singapore as well as the properties at Lippo Plaza in Shanghai, the People’s Republic of China (the “**PRC**”), with more than 200,000 sq.m. of office and retail space and 1,643 upscale hotel rooms and suites. It is one of the largest diversified REITs listed on the Mainboard of the SGX-ST and had total assets of approximately S\$5.8 billion (approximately HK\$33 billion) as at 30 June 2022.

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 with 16 modern and versatile meeting spaces totalling 2,400 sq.m for meetings, incentives, conventions and exhibitions. The addition of new income-generating spaces will drive future growth in sustainable returns and value. Hilton Singapore Orchard also features five curated dining concepts catering for all tastes and occasions. It is well positioned to capture the recovery of Singapore’s hospitality sector from the Pandemic with Hilton’s strong brand recognition and global sales and distribution network.

During the Period, the committed occupancy of OUE C-REIT’s Singapore office properties increased to approximately 92.9% as at 30 June 2022 as a result of improvements in office leasing momentum and focus on prioritising occupancy. Mandarin Gallery’s shopper traffic and tenants’ sales improved to approximately 90% and 85% of the pre-Pandemic levels respectively. There was strong demand at both Hilton Singapore Orchard and Crowne Plaza Changi Airport attributable to the increase in Singapore’s tourist arrivals and corporate and leisure bookings, with overall revenue per available room increasing significantly.

The OUE Group had, as at 30 June 2022, an approximately 70.4% equity interest in OUE Lippo Healthcare Limited (“**OUELH**”, which is listed on the Catalist Board of the SGX-ST; together with its subsidiaries, the “**OUELH Group**”). The OUELH Group is a Pan-Asian healthcare group with a three-pronged growth strategy that owns, operates and invests in quality healthcare businesses in high-growth Asian markets. 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 in the PRC 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 3 joint venture hospitals in Myanmar remained operational during the Period despite the Pandemic. It also owns a piece of land and a building in Wuxi, the PRC as well as a piece of land in each of Chengdu, the PRC and Kuala Lumpur, Malaysia.

In March 2022, the OUELH Group divested its entire interests in 12 quality nursing homes in Japan to First Real Estate Investment Trust (“**First REIT**”, which is listed on the Mainboard of the SGX-ST) for a consideration of approximately S\$160.6 million (approximately HK\$929 million) which was mainly satisfied by new units in First REIT resulting in an increase in the OUELH Group’s direct interest in First REIT from approximately 15.3% to approximately 33.1% and the consolidation of First REIT as a subsidiary of the OUELH Group immediately after the divestment. As at 30 June 2022, the OUE Group, through the OUELH Group and First REIT Management Limited (the manager of First REIT), had an approximately 44% interest in First REIT. 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. In June 2022, a joint venture in which the OUELH Group and the OUE Group hold 60% and 40% respectively completed the acquisition through another 60% owned joint venture of a 60% interest in each of two respiratory and one cardiothoracic medical practices in Singapore for a total consideration of approximately S\$40.4 million (approximately HK\$228 million). The partnership is an important milestone for the OUELH Group’s building of a regional healthcare ecosystem comprising full spectrum of tiered healthcare services anchored on Singapore medical best practices.

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 30 June 2022, First REIT had 31 properties comprising 16 in Indonesia, 3 in Singapore and 12 in Japan. In May 2022, First REIT announced a conditional sale of its entire interest in Siloam Hospitals Surabaya in Indonesia for a consideration of Rp430 billion (approximately HK\$228 million) in line with its capital recycling initiative for mature assets under its 2.0 Growth Strategy.

The Group recorded a share of profit of joint ventures of approximately HK\$271 million from its investment in LAAPL for the Period (2021 - approximately HK\$173 million). The positive change was mainly attributable to the improvement in the performance of the hospitality business and net fair value gain of financial assets of the joint venture and increase in profit contribution from its equity-accounted investees for the Period. Coupled with the depreciation of Singapore dollar and share of fair value loss of its financial assets at fair value through other comprehensive income in reserves during the Period, the Group's total interests in LAAPL as at 30 June 2022 amounted to approximately HK\$10.3 billion (31 December 2021 - approximately HK\$10.6 billion).

Property Development

Sale of the remaining properties at Lippo Plaza in Beijing, the PRC remained sluggish due to persistent local market conditions. No sale was completed during the Period while segment revenue of HK\$4 million was recorded in 2021 from the sale of remaining properties. The dissolution of a joint venture which was previously engaged in property development project in Singapore was completed during the Period. The accumulated translation gain of HK\$22 million in the exchange equalisation reserve was released to the statement of profit or loss accordingly. As a result, the segment recorded a profit of approximately HK\$19 million for the Period (2021 - loss of approximately HK\$1 million) before accounting for the share of results from the Group's associates and joint ventures.

Sale of some units of the luxurious Marina Collection in Sentosa, Singapore (in which the Group has a 50% interest) was completed during the Period. A portion of the remaining units is leased out. The Group shared a profit of associate of approximately HK\$6 million (2021 - approximately HK\$5 million) from the investment.

Treasury and Securities Investments

The Group managed its investment portfolio and looked for opportunities to enhance yields. Total revenue from treasury and securities investments businesses for the Period amounted to approximately HK\$0.5 million (2021 - approximately HK\$0.5 million). Equity markets registered significant losses during the Period. The Group recorded a net fair value loss of approximately HK\$1.4 million in the statement of profit or loss from its securities investments for the Period as compared with a net gain of approximately HK\$0.5 million in 2021 under this segment. As a result, the treasury and securities investments businesses recorded a net loss of approximately HK\$0.9 million for the Period (2021 - gain of approximately HK\$1 million).

Financial Position

The Group's financial position remained healthy. As at 30 June 2022, its total assets amounted to approximately HK\$11.2 billion (31 December 2021 - approximately HK\$11.6 billion). Property-related assets amounted to approximately HK\$11.0 billion as at 30 June 2022 (31 December 2021 - approximately HK\$11.4 billion), representing approximately 99% (31 December 2021 - approximately 99%) of total assets. Total liabilities as at 30 June 2022 amounted to approximately HK\$406 million (31 December 2021 - approximately HK\$349 million). Total cash and cash equivalents as at 30 June 2022 amounted to approximately HK\$128 million (31 December 2021 - approximately HK\$122 million). Current ratio as at 30 June 2022 increased to 4.2 (31 December 2021 - 4.0).

As at 30 June 2022, the Group's bank loans amounted to approximately HK\$334 million (31 December 2021 - approximately HK\$273 million). The bank loans were denominated in Hong Kong dollars and carried interest at floating rate. 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 30 June 2022, all the bank and other borrowings were repayable after three years (31 December 2021 – all of the bank and other borrowings repayable after three years). The gearing ratio (measured as total borrowings to equity attributable to equity holders of the Company) was 3.1% as at 30 June 2022 (31 December 2021 – 2.4%).

The net asset value attributable to equity holders of the Company decreased to approximately HK\$10.8 billion as at 30 June 2022 (31 December 2021 - approximately HK\$11.2 billion), which was mainly attributable to the share of reduction in reserves of LAAPL Group offset with net profit for the Period. This was equivalent to HK\$5.4 per share (31 December 2021 - HK\$5.6 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 neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31 December 2021 - Nil).

The Group's investments or capital assets will be financed by its internal resources and/or external bank financing, as appropriate. As at 30 June 2022, the Group had no material outstanding commitment (31 December 2021 - Nil).

Staff and Remuneration

The number of employees of the Group was 39 as at 30 June 2022 (30 June 2021 - 41 employees). Staff costs (including Directors' emoluments) charged to the statement of profit or loss during the Period amounted to approximately HK\$13 million (2021 - approximately HK\$12 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

The Group's joint ventures with diversified portfolio of businesses and network are poised to capitalise on growth opportunities following the easing of the Pandemic-related restrictions and reopening of borders as well as recovery in economy and international travel, in Singapore and Indonesia particularly. The Group and its joint ventures will continue to manage their capital resources and expenditure prudently amid the ongoing Pandemic, geo-political uncertainties, global inflation and interest rate hikes as well as recession risk.

INTERIM DIVIDEND

The Directors have resolved to declare the payment of an interim dividend of HK1 cent (2021 - Nil) per share amounting to approximately HK\$20 million for the Period (2021 - Nil), which will be paid on Friday, 21 October 2022 to shareholders whose names appear on the Company's Register of Members on Friday, 7 October 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 5 October 2022 to Friday, 7 October 2022 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend for the Period, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with Tricor Tengis Limited, the Company's Branch Share Registrar in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 3 October 2022.

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

During the Period, 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 a high standard of corporate governance practices. 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 set out in Part 2 of Appendix 14 to the Listing Rules for the Period.

AUDIT COMMITTEE

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Messrs King Fai Tsui (Chairman), Victor Ha Kuk Yung and Edwin Neo, 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 including the review of the unaudited consolidated interim financial statements of the Group for the Period.

By Order of the Board
HONGKONG CHINESE LIMITED
John Luen Wai Lee
Chief Executive Officer

30 August 2022

As at the date of this announcement, the executive Directors of the Company are Dr Stephen Riady (Chairman) and Mr John Luen Wai Lee (Chief Executive Officer); the non-executive Director of the Company is Mr Leon Nim Leung Chan; and the independent non-executive Directors of the Company are Messrs Victor Ha Kuk Yung, King Fai Tsui and Edwin Neo.

** For identification purpose only*