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LIPPO CHINA RESOURCES LIMITED

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board of Directors of Lippo China Resources 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 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	278,995	320,863
Cost of sales		(137,743)	(156,154)
		<hr/>	<hr/>
Gross profit		141,252	164,709
Other income	5	10,121	8,549
Administrative expenses		(181,154)	(175,667)
Other operating expenses	7	(69,192)	(72,768)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	7	(23,445)	218,087
Fair value gain/(loss) on investment properties		(5,700)	7,600
Other losses — net	6	(6,933)	(16,491)
Finance costs		(15,684)	(15,754)
Share of results of associates		23,044	38,244
Share of results of joint ventures		(399)	(398)
		<hr/>	<hr/>
Profit/(Loss) before tax	7	(128,090)	156,111
Income tax	8	(1,734)	(3,349)
		<hr/>	<hr/>
Profit/(Loss) for the period		(129,824)	152,762
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders of the Company		(132,946)	167,779
Non-controlling interests		3,122	(15,017)
		<hr/>	<hr/>
		(129,824)	152,762
		<hr/> <hr/>	<hr/> <hr/>
		HK cents	HK cents
Earnings/(Loss) per share attributable to equity holders of the Company	9		
Basic and diluted		(1.45)	1.83
		<hr/> <hr/>	<hr/> <hr/>

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/(Loss) for the period	(129,824)	152,762
Other comprehensive income/(loss)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(33,085)	(3,539)
Exchange differences reclassified to profit or loss upon:		
Liquidation of foreign operations	(102)	-
Deemed disposal of a foreign associate	(12)	-
Share of other comprehensive loss of associates	(17,700)	(11,451)
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	(50,899)	(14,990)
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	29	(61,199)
Other comprehensive loss for the period, net of tax	(50,870)	(76,189)
Total comprehensive income/(loss) for the period	(180,694)	76,573
Attributable to:		
Equity holders of the Company	(170,240)	97,669
Non-controlling interests	(10,454)	(21,096)
	(180,694)	76,573

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			
Intangible assets		21,034	21,034
Exploration and evaluation assets		2,829	2,647
Fixed assets		1,017,581	1,052,732
Investment properties		666,450	685,704
Right-of-use assets		127,562	156,203
Interests in associates		783,888	784,932
Interests in joint ventures	11	76,552	75,674
Financial assets at fair value through other comprehensive income		98,406	78,547
Financial assets at fair value through profit or loss		627,733	655,427
Debtors, prepayments and other assets	12	11,342	12,025
Other financial asset		-	1,504
Deferred tax assets		3,668	4,225
		3,437,045	3,530,654
Current assets			
Inventories		18,407	18,697
Debtors, prepayments and other assets	12	104,028	120,878
Financial assets at fair value through profit or loss		455,181	474,019
Other financial assets		680	-
Tax recoverable		239	753
Time deposits with original maturity of more than three months		73,666	76,425
Cash and cash equivalents		596,193	783,321
		1,248,394	1,474,093
Current liabilities			
Bank and other borrowings	13	644,985	337,144
Lease liabilities		46,267	54,776
Creditors, accruals and other liabilities	14	156,665	223,661
Other financial liabilities		-	9,824
Tax payable		116,550	117,401
		964,467	742,806
Net current assets		283,927	731,287
Total assets less current liabilities		3,720,972	4,261,941

		30 June	31 December
		2022	2021
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current liabilities			
Bank and other borrowings	13	352,929	651,448
Lease liabilities		90,785	111,360
Creditors, accruals and other liabilities	14	9,774	10,698
Deferred tax liabilities		24,659	26,470
		<u>478,147</u>	<u>799,976</u>
Net assets		<u>3,242,825</u>	<u>3,461,965</u>
Equity			
Equity attributable to equity holders of the Company			
Share capital		1,705,907	1,705,907
Reserves		1,160,875	1,372,433
		<u>2,866,782</u>	<u>3,078,340</u>
Non-controlling interests		376,043	383,625
		<u>3,242,825</u>	<u>3,461,965</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 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.

The financial information relating to the year ended 31 December 2021 that is included in the interim results as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 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 those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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

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.

Six months ended 30 June 2022

	Property investment 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
Revenue								
External	8,314	1,335	7,398	254,226	-	7,722	-	278,995
Inter-segment	1,928	-	-	-	-	2,118	(4,046)	-
Total	<u>10,242</u>	<u>1,335</u>	<u>7,398</u>	<u>254,226</u>	<u>-</u>	<u>9,840</u>	<u>(4,046)</u>	<u>278,995</u>
Segment results	<u>(6,439)</u>	<u>1,335</u>	<u>(19,922)</u>	<u>(66,862)</u>	<u>(920)</u>	<u>1,123</u>	<u>(140)</u>	<u>(91,825)</u>
Unallocated corporate expenses								(47,993)
Finance costs								(10,917)
Share of results of associates	-	-	-	-	17,770	5,274	-	23,044
Share of results of joint ventures	-	-	-	(388)	-	(11)	-	(399)
Loss before tax								<u>(128,090)</u>
Other segment information:								
Capital expenditure (<i>Note</i>)	-	-	-	18,153	-	224	-	18,377
Depreciation	(8,454)	-	-	(50,543)	-	(66)	1,705	(57,358)
Interest income	-	1,335	812	856	-	-	-	3,003
Finance costs	-	-	-	(4,850)	-	-	83	(4,767)
Loss on disposal of fixed assets	-	-	-	(34)	-	-	-	(34)
Loss on deemed disposal of an associate	-	-	-	-	(45)	-	-	(45)
Provision for impairment losses on inventories	-	-	-	(929)	-	-	-	(929)
Net fair value gain/(loss) on financial instruments								
at fair value through profit or loss	-	-	(23,703)	258	-	-	-	(23,445)
Fair value loss on investment properties	(5,700)	-	-	-	-	-	-	(5,700)
Unallocated:								
Capital expenditure (<i>Note</i>)								19
Depreciation								(5,005)
Finance costs								(10,917)
Loss on disposal of fixed assets								(3)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations								<u>102</u>

Six months ended 30 June 2021

	Property investment	Treasury investment	Securities investment	Food businesses	Healthcare services	Other	Inter- segment elimination	Consolidated
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Revenue								
External	8,799	1,230	10,291	293,704	-	6,839	-	320,863
Inter-segment	1,928	-	-	-	-	2,436	(4,364)	-
Total	<u>10,727</u>	<u>1,230</u>	<u>10,291</u>	<u>293,704</u>	<u>-</u>	<u>9,275</u>	<u>(4,364)</u>	<u>320,863</u>
Segment results	<u>7,019</u>	<u>1,230</u>	<u>210,499</u>	<u>(37,273)</u>	<u>(987)</u>	<u>(7,709)</u>	<u>(86)</u>	<u>172,693</u>
Unallocated corporate expenses								(45,258)
Finance costs								(9,170)
Share of results of associates	-	-	-	-	12,895	25,349	-	38,244
Share of results of joint ventures	-	-	-	(385)	-	(13)	-	(398)
Profit before tax								<u>156,111</u>
Other segment information:								
Capital expenditure (<i>Note</i>)	-	-	-	20,697	-	804	-	21,501
Depreciation	(8,643)	-	-	(41,905)	-	(141)	1,705	(48,984)
Interest income	-	1,230	-	974	-	119	-	2,323
Finance costs	-	-	-	(5,802)	-	(920)	138	(6,584)
Gain/(Loss) on disposal of:								
Subsidiaries	-	-	(3,886)	(140)	-	562	-	(3,464)
Fixed assets	-	-	-	198	-	(16)	-	182
Provisions for impairment losses on:								
A joint venture	-	-	-	-	(63)	-	-	(63)
Inventories	-	-	-	(1,369)	-	-	-	(1,369)
Loans and receivables	-	-	-	(349)	-	-	-	(349)
Net fair value gain on financial instruments								
at fair value through profit or loss	-	-	210,417	7,670	-	-	-	218,087
Fair value gain on investment properties	7,600	-	-	-	-	-	-	7,600
Unallocated:								
Capital expenditure (<i>Note</i>)								235
Depreciation								(5,065)
Finance costs								(9,170)
Loss on disposal of fixed assets								(1)

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

	Property investment 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
At 30 June 2022 (unaudited)								
Segment assets	1,275,560	297,190	1,470,935	736,329	-	11,168	(6,404)	3,784,778
Interests in associates	-	-	-	-	449,753	334,135	-	783,888
Interests in joint ventures	-	-	42,037	34,199	-	316	-	76,552
Unallocated assets								40,221
Total assets								<u>4,685,439</u>
Segment liabilities	160,994	-	42,266	463,378	409,977	355,031	(965,372)	466,274
Unallocated liabilities								976,340
Total liabilities								<u>1,442,614</u>
At 31 December 2021 (audited)								
Segment assets	1,303,411	308,945	1,638,259	839,196	-	17,554	(14,297)	4,093,068
Interests in associates	-	-	-	-	442,843	342,089	-	784,932
Interests in joint ventures	-	-	41,744	33,595	-	335	-	75,674
Unallocated assets								51,073
Total assets								<u>5,004,747</u>
Segment liabilities	213,653	-	57,670	494,357	418,381	367,239	(1,038,673)	512,627
Unallocated liabilities								1,030,155
Total liabilities								<u>1,542,782</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 goods and fast-moving consumer products	125,123	152,841
Sale of food and beverage	127,806	139,172
Provision of management services	7,384	6,656
	<u>260,313</u>	<u>298,669</u>
Revenue from other sources:		
Property rental income from operating leases	8,314	8,799
Interest income	3,003	2,204
Dividend income	6,586	10,291
Other	779	900
	<u>278,995</u>	<u>320,863</u>

Disaggregated revenue information for revenue from contracts with customers

Segments	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 June 2022			
Types of goods or services:			
Sale of goods and fast-moving consumer products	125,123	-	125,123
Sale of food and beverage	127,806	-	127,806
Provision of management services	-	7,384	7,384
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	252,929	7,384	260,313
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Geographical markets:			
Hong Kong	73,164	5,267	78,431
Mainland China	-	1,150	1,150
Republic of Singapore	179,329	967	180,296
Malaysia	436	-	436
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	252,929	7,384	260,313
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition:			
Goods transferred at a point in time	252,929	-	252,929
Services transferred over time	-	7,384	7,384
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	252,929	7,384	260,313
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Six months ended 30 June 2021			
Types of goods or services:			
Sale of goods and fast-moving consumer products	152,841	-	152,841
Sale of food and beverage	139,172	-	139,172
Provision of management services	-	6,656	6,656
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	292,013	6,656	298,669
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Geographical markets:			
Hong Kong	92,106	5,300	97,406
Mainland China	-	950	950
Republic of Singapore	199,907	406	200,313
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	292,013	6,656	298,669
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition:			
Goods transferred at a point in time	292,013	-	292,013
Services transferred over time	-	6,656	6,656
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	292,013	6,656	298,669
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Segments	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 June 2022			
Revenue from contracts with customers			
External customers	252,929	7,384	260,313
Inter-segment	-	2,118	2,118
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	252,929	9,502	262,431
Revenue from other sources — external	1,297	338	1,635
	<hr/>	<hr/>	<hr/>
Total segment revenue	254,226	9,840	264,066
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Six months ended 30 June 2021			
Revenue from contracts with customers			
External customers	292,013	6,656	298,669
Inter-segment	-	2,436	2,436
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	292,013	9,092	301,105
Revenue from other sources — external	1,691	183	1,874
	<hr/>	<hr/>	<hr/>
Total segment revenue	293,704	9,275	302,979
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Government grants (<i>Note</i>)	10,121	8,430
Interest income from promissory note	-	119
	<hr/>	<hr/>
	10,121	8,549
	<hr/> <hr/>	<hr/> <hr/>

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Gain/(Loss) on disposal of:		
Subsidiaries	-	(3,464)
Fixed assets	(37)	181
Loss on deemed disposal of an associate	(45)	-
Provisions for impairment losses on:		
A joint venture	-	(63)
Inventories	(929)	(1,369)
Loans and receivables	-	(349)
Foreign exchange losses — net	(6,024)	(11,427)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	102	-
	<u>(6,933)</u>	<u>(16,491)</u>

7. PROFIT/(LOSS) BEFORE TAX

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

	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	(72,309)	121,927
Debt securities	(1,388)	540
Investment funds	51,398	87,591
Equity linked notes	-	437
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	(325)
Derivative financial instruments	(1,146)	7,917
	<u>(23,445)</u>	<u>218,087</u>
Interest income:		
Loans and advances	850	945
Financial assets at fair value through profit or loss	812	-
Promissory note	-	119
Other	1,341	1,259
Depreciation of fixed assets	(34,326)	(27,652)
Depreciation of right-of-use assets	(28,037)	(26,397)
Cost of inventories sold	(136,559)	(155,072)
Selling and distribution expenses [#]	(19,060)	(13,810)
Legal and professional fees [#]	(8,479)	(13,557)
Consultancy and service fees [#]	(7,776)	(10,534)
Utilities charges [#]	(5,523)	(5,517)
Repairs and maintenance expenses [#]	(2,744)	(3,883)

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

8. INCOME TAX

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong:		
Charge for the period	86	280
Deferred	64	(337)
	<u>150</u>	<u>(57)</u>
Mainland China and overseas:		
Charge for the period	1,383	1,839
Overprovision in prior periods	(212)	-
Deferred	413	1,567
	<u>1,584</u>	<u>3,406</u>
Total charge for the period	<u><u>1,734</u></u>	<u><u>3,349</u></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/(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 period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 9,186,913,000 ordinary shares (2021 — approximately 9,186,913,000 ordinary shares) in issue during the period.

(b) Diluted earnings/(loss) 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 HK0.35 cents per ordinary share (2021 — Nil)	<u><u>32,154</u></u>	<u><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 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.

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	23,105	23,880
Between 31 and 60 days	15,245	14,762
Between 61 and 90 days	8,742	9,820
Between 91 and 180 days	1,355	1,410
	<hr/> 48,447 <hr/>	<hr/> 49,872 <hr/>

13. BANK AND OTHER BORROWINGS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Current portion:		
Secured bank loans (<i>Note (a)</i>)	588,557	337,144
Secured other loans (<i>Note (b)</i>)	56,428	-
	<u>644,985</u>	<u>337,144</u>
Non-current portion:		
Secured bank loans (<i>Note (a)</i>)	352,929	651,448
	<u>997,914</u>	<u>988,592</u>
Bank and other borrowings by currency:		
Hong Kong dollar	777,580	798,533
Singapore dollar	193,672	161,959
Malaysian ringgit	26,662	28,100
	<u>997,914</u>	<u>988,592</u>
Bank loans repayable:		
Within one year	588,557	337,144
In the second year	74,609	617,794
In the third to fifth years, inclusive	278,320	33,654
	<u>941,486</u>	<u>988,592</u>
Other borrowings repayable:		
Within one year	56,428	-
	<u>56,428</u>	<u>-</u>

The Group's bank loans bear interest at rates ranging from 2.5% to 3.6% per annum (31 December 2021 — 1.9% to 3.4% per annum).

Note:

- (a) At the end of the reporting period, the bank loans were secured by:
- (i) first legal mortgages over certain investment properties and land and buildings of the Group with carrying amounts of HK\$339,050,000 (31 December 2021 — HK\$344,350,000) and HK\$773,669,000 (31 December 2021 — HK\$787,311,000), respectively; and
 - (ii) fixed and floating charges over all the assets of certain subsidiaries of the Group.
- (b) The Group's other loans represent secured loans advanced from a third party which bear interest at a rate of 0.1% per annum (31 December 2021 — not applicable). The loans were secured by financial assets at fair value through profit or loss with carrying amounts of HK\$87,836,000.

14. CREDITORS, ACCRUALS AND OTHER LIABILITIES

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Outstanding balances with ages:		
Within 30 days	20,818	29,985
Between 31 and 60 days	6,749	6,670
Between 61 and 90 days	756	699
Between 91 and 180 days	1,162	1,139
Over 180 days	113	109
	<hr/> 29,598 <hr/>	<hr/> 38,602 <hr/>

BUSINESS REVIEW

Overview

During the six months ended 30 June 2022 (the “Period”), the external environment deteriorated. The prolonged Russia-Ukraine war has disrupted the global supply of food, energy and other commodities which in turn has exacerbated inflationary pressures and global economic uncertainty. The adoption of “zero-COVID” policy and extensive COVID-19 pandemic (the “Pandemic”) lockdowns in mainland China during the Period had disrupted its economic activities and slowed down its economic growth. Higher inflation has triggered most central banks to adopt aggressive tightening monetary policy. Under such circumstances, the global stock markets were volatile. The US stocks recorded sharpest first-half year drop in more than 50 years. The performance of the local stock market was also unsatisfactory during the Period. The ongoing Pandemic continued to evolve with new variants and the impact of the Pandemic’s containment measures also affected the Group’s operations. Accordingly, the operating environment of the Group and its associates was challenging during the Period.

Results for the Period

The Group recorded a consolidated loss attributable to shareholders of HK\$133 million for the Period, as compared to a consolidated profit of HK\$168 million for the six months ended 30 June 2021 (“2021”). The variance of results for the Period as compared with 2021 was largely attributable to the net fair value loss on financial instruments at fair value through profit or loss of the Group during the Period while a net fair value gain was recorded in 2021.

Food businesses remain the principal sources of revenue of the Group, contributing to 91% (2021 — 92%) of total revenue for the Period but registered a 13% decrease as it continued to be affected by the Pandemic’s containment measures during the Period. Total revenue for the Period decreased by 13% to HK\$279 million (2021 — HK\$321 million).

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\$69 million for the Period (2021 — HK\$73 million).

Food businesses

The Group’s food businesses segment recorded a revenue of HK\$254 million (2021 — HK\$294 million), mainly from food retail operations in chains of cafés and bistros and food manufacturing. The relaxation of containment measures and border restrictions in Singapore since end of March 2022 supported a faster pace of recovery for the food and beverage sector. The performance of the food retail business in Singapore improved during the Period. However, the fifth wave of the Pandemic in Hong Kong during the Period brought difficult environment to the Group’s food retail business as stringent social distancing measures were imposed. The performance of the Group’s food retail operations in Hong Kong were adversely affected. On the other hand, the Group’s food manufacturing business was impacted by operational challenges, input cost pressures arising from the global inflationary environment and challenges expanding into the Malaysian market, partially offset by some cost savings from the cessation of the factory in Singapore. The operating environment of the food businesses of the Group as a whole was difficult and challenging. As a result, the segment loss increased to HK\$67 million for the Period (2021 — HK\$37 million).

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”. To improve its competitiveness, the Group is undertaking a rebranding exercise for “Delifrance”.

Property investment

Segment revenue was mainly attributable to recurrent rental income from the Group’s investment properties. The Group’s property investment portfolio is located mainly in Hong Kong and mainland China. The total segment revenue for the Period amounted to HK\$10 million (2021 — HK\$11 million).

The Group recorded fair value loss on investment properties of HK\$6 million for the Period (2021 — gain of HK\$8 million). As a result, the property investment segment reported a loss of HK\$6 million for the Period (2021 — profit of HK\$7 million).

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. 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\$9 million during the Period (2021 — HK\$12 million). The Group recorded a net fair value loss of HK\$24 million in the statement of profit or loss from its securities investments for the Period as compared with a gain of HK\$210 million in 2021 under this segment. The change was mainly due to net fair value loss deriving from listed equity securities and decrease in fair value gain from unlisted investment funds. As a result, the treasury and securities investments businesses recorded a net loss of HK\$19 million in the statement of profit or loss for the Period (2021 — profit of HK\$212 million).

As at 30 June 2022, the treasury and securities investments portfolio of HK\$1,768 million (31 December 2021 — HK\$1,947 million) comprised mainly cash and bank balances of HK\$579 million (31 December 2021 — HK\$733 million), financial assets at fair value through profit or loss (“FVPL”) of HK\$1,083 million (31 December 2021 — HK\$1,129 million) and financial assets at fair value through other comprehensive income (“FVOCI”) of HK\$98 million (31 December 2021 — HK\$79 million). Further details of securities investments under different categories are as follows:

Financial assets at fair value through profit or loss

As of 30 June 2022, the Group’s financial assets at FVPL amounted to HK\$1,083 million (31 December 2021 — HK\$1,129 million), comprising equity securities of HK\$347 million (31 December 2021 — HK\$449 million), debt securities of HK\$41 million (31 December 2021 — HK\$53 million) and investment funds of HK\$695 million (31 December 2021 — HK\$627 million).

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

	As at 30 June 2022			As at 31 December 2021	Six months ended 30 June 2022
	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
Ascapia Fund II (“Ascapia”)	87,836	8.1%	1.9%	72,602	18,367
Quantedge Global Fund (“Quantedge”)	80,442	7.4%	1.7%	84,838	(4,219)
GSH Corporation Limited (“GSH”)	71,084	6.6%	1.5%	78,649	(7,565)
Ilya Fund (“Ilya”)	69,288	6.4%	1.5%	20,390	52,441
Others (<i>Note</i>)	774,264	71.5%	16.5%	872,967	(81,323)
Total	1,082,914	100.0%	23.1%	1,129,446	(22,299)

Note: Others comprised of various securities, none of which accounted for more than 6% of financial assets at FVPL as at 30 June 2022.

Ascapia

As at 30 June 2022, the fair value of the Group’s investment in Ascapia amounted to HK\$88 million, representing approximately 8.1% and 1.9% of the Group’s total financial assets at FVPL and total assets, respectively. The Group invested in Ascapia for strategic purpose. 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\$18 million for its investment in Ascapia for the Period, mainly contributed by the consumer discretionary sector. The Group partially redeemed the investment in July 2022 to unlock the accumulated gain coming from Ascapia.

Quantedge

As at 30 June 2022, the fair value of the Group’s investment in Quantedge amounted to HK\$80 million, representing approximately 7.4% and 1.7% of the Group’s total financial assets at FVPL and total assets, respectively. The Group invested in Quantedge for long-term strategic purpose 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. The Group shared a fair value loss of HK\$4 million from the investment for the Period as the prices of all major asset classes were down during the Period.

GSH

As at 30 June 2022, the fair value of the Group’s equity securities in GSH amounted to HK\$71 million, representing approximately 6.6% and 1.5% of the Group’s total financial assets at FVPL and total assets, respectively. An unrealised fair value loss of HK\$8 million was recognised by the Group for the Period. The Group also invested in the listed convertible bonds issued by GSH. As at 30 June 2022, the fair value of the Group’s debt securities in GSH amounted to HK\$18 million, representing approximately 1.6% and 0.4% of the Group’s total financial assets at FVPL and total assets, respectively.

GSH, having its shares listed on the Singapore Exchange Securities Trading Limited (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 Malaysia’s reopening of international borders in April 2022, it may foster a positive effect on GSH’s operating environment. The share price of GSH may continue to fluctuate.

Ilya

As at 30 June 2022, the fair value of the Group’s investment in Ilya amounted to HK\$69 million, representing approximately 6.4% and 1.5% of the Group’s total financial assets at FVPL and total assets, respectively. Ilya adopts a multi-sector strategy, with the primary objective to provide its investors with long-term capital appreciation through direct and indirect investment in listed and unlisted equity and debt-related securities across multiple sectors. The fund performance may subject to high volatility in the short term. The Group reported a fair value gain of HK\$52 million for its investment in Ilya for the Period.

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 30 June 2022, the fair value of such investments amounted to HK\$98 million (31 December 2021 — HK\$79 million). Esseplore Pte. Ltd. (“Esseplore”) is the major investment in this category. Esseplore is a Singapore-based unlisted company focusing in dining sector. It aims to build Asia’s leading food portal by developing a robust food ecosystem through a network of talented chefs and distributed kitchens enabled by an innovative digital and technology platform through its creative food brands and the end-to-end technology platform. The Group invested in Esseplore since 2019 and a follow-on investment was made during the Period. As at 30 June 2022, the fair value of the Group’s investment in Esseplore amounted to HK\$25 million, representing approximately 25% and 0.5% of the Group’s total financial assets at FVOCI and total assets as at 30 June 2022, respectively. The Group recorded an unrealised fair value loss of HK\$1 million through other comprehensive income for the Period.

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 “Healthway Group”), an associate of the Company. As at 30 June 2022, the Group was interested in approximately 40.8% of the issued shares in Healthway. Healthway is a company listed on the sponsor-supervised listing platform of the SGX-ST and a well-established private healthcare provider in Singapore. During the Period, the Healthway Group expanded its network by opening six new clinics, including one dental clinic. The Healthway Group currently owns, operates and manages approximately 100 medical centres and clinics and is one of the largest outpatient clinic chains in Singapore.

The Healthway Group recorded stronger revenue for the Period. The growth in revenue was contributed from the primary healthcare segment. With the easing of community and border measures of the Pandemic rules by Singapore government during the Period, there was an increase in patient volume in the primary healthcare segment which was further complemented by revenue from vaccination, COVID-19 polymerase chain reaction (“PCR”) and serology testing projects. The Healthway Group registered an increase in profit attributable to shareholders for the Period and the Group recognised a higher share of profit of HK\$18 million (2021 — HK\$13 million) for the Period accordingly. As at 30 June 2022, the Group’s interest in Healthway amounted to HK\$450 million (31 December 2021 — HK\$443 million).

With the vast majority of the Singapore population having been fully vaccinated, the Singapore government started to progressively wind down COVID-19 vaccination centres from end of May 2022. At the end of June 2022, Healthway ceased operations of its vaccination centres. However, Healthway continues to support the Singapore government in operating two joint testing and vaccination centres as Singapore transitions to an endemic phase of COVID-19. The Healthway Group is cautiously optimistic about its business growth in view of intensifying inflationary pressures exacerbated by the current manpower crunch, global supply chain disruption, rising energy prices and the tapering off of PCR and pre-departure tests. The Healthway Group remains firmly committed to expand its network of general practitioner clinics. Looking ahead, the Healthway Group will focus on supporting the Healthier SG initiative. Announced by the Singapore government, this national healthcare strategy promotes a patient-centric approach as Singapore aims to make primary healthcare more accessible and holistic. The Healthway Group is ramping up its operations to support the programme’s goals of promoting preventive care and helping Singaporeans build a trusted lifelong relationship with their family doctors.

Other business

The Group recorded a share of profit of HK\$6 million from its investment in TIH Limited (“TIH”), an associate of the Company and listed on the Mainboard of the SGX-ST for the Period (2021 — HK\$26 million), mainly attributable to fair value gain on its equity investments and debt investment and income from fund management segment. The Group’s interests in TIH as at 30 June 2022 amounted to HK\$284 million (31 December 2021 — HK\$291 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 wholly-owned subsidiary, TIH Investment Management Pte. Ltd., which holds a capital markets services licence from the Monetary Authority of Singapore, continues to procure recurring fee-based income from managing third party investment funds.

Financial Position

The Group’s financial position remained healthy. As at 30 June 2022, its total assets amounted to HK\$4.7 billion (31 December 2021 — HK\$5.0 billion). Total liabilities amounted to HK\$1.4 billion (31 December 2021 — HK\$1.5 billion). As at 30 June 2022, total cash and cash equivalents and time deposits amounted to HK\$0.7 billion (31 December 2021 — HK\$0.9 billion). Current ratio as at 30 June 2022 was 1.3 (31 December 2021 — 2.0).

As at 30 June 2022, bank and other borrowings of the Group amounted to HK\$998 million (31 December 2021 — HK\$989 million), which included secured bank borrowings of HK\$942 million (31 December 2021 — HK\$989 million) and secured other loans of HK\$56 million (31 December 2021 — Nil). The Group's bank borrowings were denominated in Hong Kong dollars, Singapore dollars and Malaysian ringgits. The bank borrowings were secured by fixed and floating charges on certain properties and assets of 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 30 June 2022, all the Group's bank borrowings carried interest at floating rates. As at 31 December 2021, approximately 6% of the Group's bank borrowings effectively carried fixed rate of interest and the remaining were at floating rates. Other loans, denominated in Singapore dollars, were fixed rate loans from a third party. The loans were secured by certain financial assets of the Group.

As at 30 June 2022, approximately 65% (31 December 2021 — 34%) of the bank and other borrowings were repayable within one year. As at 30 June 2022, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 30.2% (31 December 2021 — 28.4%). 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\$2.9 billion as at 30 June 2022 (31 December 2021 — HK\$3.1 billion). This was equivalent to HK\$0.31 per share as at 30 June 2022 (31 December 2021 — HK\$0.34 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 30 June 2022, the Group has secured bankers' guarantees of HK\$1 million (31 December 2021 — HK\$1 million) and unsecured bankers' guarantees of HK\$3 million (31 December 2021 — HK\$3 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 Period (31 December 2021 — Nil).

Total commitment of the Group as at 30 June 2022 amounted to HK\$111 million (31 December 2021 — HK\$114 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 774 full-time employees as at 30 June 2022 (30 June 2021 — 893 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Period amounted to HK\$134 million (2021 — HK\$140 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

Many countries, including Singapore, across the world have uplifted all or most of the lock-down and other containment measures against the Pandemic. It would revitalize economy and encourage international travel and tourism. However, elevated inflation and the aggregative tightening of monetary policy by many major central banks will weaken the growth momentum globally. The global economy will also be affected by the evolving Pandemic and heightened geopolitical tensions. Key economic and market indicators suggest that the operating environment in the second half of 2022 will be tough and challenging. The Group and its associates will continue to maintain their capital resources and expenditure prudently amid the evolving Pandemic, geopolitical uncertainties, global inflation, interest hikes as well as recession risk.

INTERIM DIVIDEND

The Directors have resolved to declare the payment of an interim dividend of HK0.35 cents per share (2021 — Nil) amounting to approximately HK\$32.2 million for the six months ended 30 June 2022 (2021 — Nil), which will be paid on Friday, 21 October 2022 to shareholders whose names appear on the 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 share will be registered. In order to qualify for the interim dividend for the six months ended 30 June 2022, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar, Tricor Tengis Limited, at 17th Floor, 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 six months ended 30 June 2022, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

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 including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2022.

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 applicable 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 six months ended 30 June 2022.

By Order of the Board
Lippo China Resources Limited
John Luen Wai Lee
Chief Executive Officer

Hong Kong, 30 August 2022

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