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LIPPO LIMITED

力寶有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 226)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board of Directors of Lippo 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

	Note	Unaudited Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Revenue	4	314,946	361,308
Cost of sales	7	(138,689)	(159,371)
		<hr/>	<hr/>
Gross profit		176,257	201,937
Other income	5	10,298	8,623
Administrative expenses		(203,285)	(196,550)
Other operating expenses	7	(82,131)	(85,138)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	7	(24,800)	218,546
Fair value gain/(loss) on investment properties		(4,400)	2,600
Other gains/(losses) — net	6	14,164	(17,082)
Finance costs		(27,464)	(31,976)
Share of results of associates		29,437	43,279
Share of results of joint ventures	8	268,254	169,735
		<hr/>	<hr/>
Profit before tax	7	156,330	313,974
Income tax	9	(3,782)	(5,527)
		<hr/>	<hr/>
Profit for the period		152,548	308,447
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders of the Company		105,461	237,491
Non-controlling interests		47,087	70,956
		<hr/>	<hr/>
		152,548	308,447
		<hr/> <hr/>	<hr/> <hr/>
		HK\$	HK\$
Earnings per share attributable to equity holders of the Company	10		
Basic and diluted		0.21	0.48
		<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 for the period	152,548	308,447
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	(54,913)	(10,971)
Exchange differences reclassified to profit or loss upon:		
Liquidation of foreign operations	(21,791)	-
Deemed disposal of a foreign associate	(12)	-
Share of other comprehensive loss of associates	(17,700)	(11,451)
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	(491,973)	(81,920)
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	15	(61,206)
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	(281,634)	(9,125)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	(281,619)	(70,331)
Other comprehensive loss for the period, net of tax	(773,592)	(152,251)
Total comprehensive income/(loss) for the period	(621,044)	156,196
Attributable to:		
Equity holders of the Company	(456,325)	128,503
Non-controlling interests	(164,719)	27,693
	(621,044)	156,196

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current assets			
Intangible assets		21,034	21,034
Exploration and evaluation assets		2,829	2,647
Fixed assets		1,104,597	1,143,894
Investment properties		720,364	742,695
Right-of-use assets		127,669	156,443
Interests in associates	12	1,149,034	1,152,754
Interests in joint ventures	13	10,472,799	10,852,360
Financial assets at fair value through other comprehensive income		98,477	78,638
Financial assets at fair value through profit or loss		630,933	658,527
Debtors, prepayments and other assets	14	11,342	12,025
Other financial asset		-	1,504
Deferred tax assets		3,668	4,225
		<u>14,342,746</u>	<u>14,826,746</u>
Current assets			
Properties held for sale		67,977	70,443
Properties under development		24,479	28,471
Inventories		18,407	18,697
Loans and advances		7,693	25,635
Debtors, prepayments and other assets	14	107,103	107,574
Financial assets at fair value through profit or loss		463,279	484,703
Other financial assets		680	-
Tax recoverable		401	910
Time deposits with original maturity of more than three months		73,666	76,425
Cash and cash equivalents		741,743	957,004
		<u>1,505,428</u>	<u>1,769,862</u>
Current liabilities			
Bank and other borrowings	15	1,084,059	436,813
Lease liabilities		46,379	55,027
Creditors, accruals and other liabilities	16	186,043	258,445
Other financial liabilities		-	9,824
Tax payable		152,003	152,134
		<u>1,468,484</u>	<u>912,243</u>
Net current assets		<u>36,944</u>	<u>857,619</u>
Total assets less current liabilities		<u>14,379,690</u>	<u>15,684,365</u>

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current liabilities			
Bank and other borrowings	15	757,262	1,382,828
Lease liabilities		90,785	111,360
Creditors, accruals and other liabilities	16	9,774	10,698
Deferred tax liabilities		39,559	42,042
		<hr/>	<hr/>
		897,380	1,546,928
		<hr/>	<hr/>
Net assets		13,482,310	14,137,437
		<hr/>	<hr/>
Equity			
Equity attributable to equity holders of the Company			
Share capital		986,598	986,598
Reserves		8,484,843	8,961,180
		<hr/>	<hr/>
		9,471,441	9,947,778
Non-controlling interests		4,010,869	4,189,659
		<hr/>	<hr/>
		13,482,310	14,137,437
		<hr/>	<hr/>

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 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.

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	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
Revenue									
External	42,046	-	1,523	7,712	254,226	-	9,439	-	314,946
Inter-segment	1,928	-	-	-	-	-	2,118	(4,046)	-
Total	43,974	-	1,523	7,712	254,226	-	11,557	(4,046)	314,946
Segment results	20,532	16,819	1,523	(20,969)	(66,862)	(920)	1,528	(140)	(48,489)
Unallocated corporate expenses									(73,960)
Finance costs									(18,912)
Share of results of associates	-	6,393	-	-	-	17,770	5,274	-	29,437
Share of results of joint ventures	268,653	(11)	-	-	(388)	-	-	-	268,254
Profit before tax									156,330
Other segment information:									
Capital expenditure (<i>Note</i>)	-	-	-	-	18,153	-	224	-	18,377
Depreciation	(9,455)	-	-	-	(50,543)	-	(200)	1,705	(58,493)
Interest income	30,479	-	1,523	812	856	-	122	-	33,792
Finance costs	(3,782)	-	-	-	(4,850)	-	(3)	83	(8,552)
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)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	-	22,055	-	-	-	-	-	-	22,055
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	(25,058)	258	-	-	-	(24,800)
Fair value loss on investment properties	(4,400)	-	-	-	-	-	-	-	(4,400)
Unallocated:									
Capital expenditure (<i>Note</i>)									36
Depreciation									(7,861)
Finance costs									(18,912)
Loss on disposal of fixed assets									(3)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations									(264)

Six months ended 30 June 2021

	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
Revenue									
External	42,652	3,622	1,420	10,624	293,704	-	9,286	-	361,308
Inter-segment	1,928	-	-	-	-	-	2,436	(4,364)	-
Total	44,580	3,622	1,420	10,624	293,704	-	11,722	(4,364)	361,308
Segment results	22,928	(3,858)	1,420	211,287	(37,273)	(987)	(5,877)	(86)	187,554
Unallocated corporate expenses									(69,498)
Finance costs									(17,096)
Share of results of associates	-	5,035	-	-	-	12,895	25,349	-	43,279
Share of results of joint ventures	170,153	(33)	-	-	(385)	-	-	-	169,735
Profit before tax									313,974
Other segment information:									
Capital expenditure (<i>Note</i>)	39	-	-	-	20,697	-	804	-	21,540
Depreciation	(9,498)	-	-	-	(41,905)	-	(277)	1,705	(49,975)
Interest income	30,918	-	1,420	-	974	-	247	-	33,559
Finance costs	(8,287)	-	-	-	(5,802)	-	(929)	138	(14,880)
Gain/(Loss) on disposal of:									
Subsidiaries	-	-	-	(3,886)	(140)	-	562	-	(3,464)
Fixed assets	-	(29)	-	-	198	-	(16)	-	153
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	-	-	-	210,876	7,670	-	-	-	218,546
Fair value gain on investment properties	2,600	-	-	-	-	-	-	-	2,600
Unallocated:									
Capital expenditure (<i>Note</i>)									259
Depreciation									(8,025)
Finance costs									(17,096)
Loss on disposal of fixed assets									(1)

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

	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
At 30 June 2022 (unaudited)									
Segment assets	1,436,289	81,627	423,379	1,482,304	736,329	-	18,985	(6,404)	4,172,509
Interests in associates	6,051	357,161	-	-	-	449,753	336,069	-	1,149,034
Interests in joint ventures	10,396,247	316	-	42,037	34,199	-	-	-	10,472,799
Unallocated assets									53,832
Total assets									<u>15,848,174</u>
Segment liabilities	499,268	10,464	-	42,266	463,378	409,977	355,100	(965,372)	815,081
Unallocated liabilities									1,550,783
Total liabilities									<u>2,365,864</u>
At 31 December 2021 (audited)									
Segment assets	1,468,368	88,181	463,337	1,652,134	839,196	-	26,054	(14,297)	4,522,973
Interests in associates	6,520	359,368	-	-	-	442,843	344,023	-	1,152,754
Interests in joint ventures	10,776,686	335	-	41,744	33,595	-	-	-	10,852,360
Unallocated assets									68,521
Total assets									<u>16,596,608</u>
Segment liabilities	491,592	11,321	-	57,670	494,357	418,381	367,400	(1,038,673)	802,048
Unallocated liabilities									1,657,123
Total liabilities									<u>2,459,171</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
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	8,918	8,952
	<u>261,847</u>	<u>304,587</u>
Revenue from other sources:		
Property rental income from operating leases	11,567	11,734
Interest income	33,792	33,440
Dividend income	6,900	10,624
Other	840	923
	<u>314,946</u>	<u>361,308</u>

Disaggregated revenue information for revenue from contracts with customers

Segments	Property development HK\$'000	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	-	-	8,918	8,918
Total revenue from contracts with customers	<u>-</u>	<u>252,929</u>	<u>8,918</u>	<u>261,847</u>
Geographical markets:				
Hong Kong	-	73,164	5,267	78,431
Mainland China	-	-	1,150	1,150
Republic of Singapore	-	179,329	2,501	181,830
Malaysia	-	436	-	436
Total revenue from contracts with customers	<u>-</u>	<u>252,929</u>	<u>8,918</u>	<u>261,847</u>
Timing of revenue recognition:				
Goods transferred at a point in time	-	252,929	-	252,929
Services transferred over time	-	-	8,918	8,918
Total revenue from contracts with customers	<u>-</u>	<u>252,929</u>	<u>8,918</u>	<u>261,847</u>
Six months ended 30 June 2021				
Types of goods or services:				
Sale of properties	3,622	-	-	3,622
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	-	-	8,952	8,952
Total revenue from contracts with customers	<u>3,622</u>	<u>292,013</u>	<u>8,952</u>	<u>304,587</u>
Geographical markets:				
Hong Kong	-	92,106	5,300	97,406
Mainland China	3,622	-	950	4,572
Republic of Singapore	-	199,907	2,702	202,609
Total revenue from contracts with customers	<u>3,622</u>	<u>292,013</u>	<u>8,952</u>	<u>304,587</u>
Timing of revenue recognition:				
Goods transferred at a point in time	3,622	292,013	-	295,635
Services transferred over time	-	-	8,952	8,952
Total revenue from contracts with customers	<u>3,622</u>	<u>292,013</u>	<u>8,952</u>	<u>304,587</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
Six months ended 30 June 2022				
Revenue from contracts with customers				
External customers	-	252,929	8,918	261,847
Inter-segment	-	-	2,118	2,118
	-	252,929	11,036	263,965
Total revenue from contracts with customers	-	252,929	11,036	263,965
Revenue from other sources — external	-	1,297	521	1,818
	-	254,226	11,557	265,783
Total segment revenue	-	254,226	11,557	265,783
Six months ended 30 June 2021				
Revenue from contracts with customers				
External customers	3,622	292,013	8,952	304,587
Inter-segment	-	-	2,436	2,436
	3,622	292,013	11,388	307,023
Total revenue from contracts with customers	3,622	292,013	11,388	307,023
Revenue from other sources — external	-	1,691	334	2,025
	3,622	293,704	11,722	309,048
Total segment revenue	3,622	293,704	11,722	309,048

5. OTHER INCOME

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Government grants (<i>Note</i>)	10,298	8,504
Interest income from promissory note	-	119
	10,298	8,623

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 GAINS/(LOSSES) — NET

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Gain/(Loss) on disposal of:		
Subsidiaries	-	(3,464)
Fixed assets	(37)	152
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	(6,616)	(11,989)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	21,791	-
	14,164	(17,082)

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	HKS'000	HK\$'000
Cost of sales:		
Cost of properties sold	-	(1,969)
Cost of inventories sold	(136,559)	(155,072)
Other	(2,130)	(2,330)
	(138,689)	(159,371)
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	(73,761)	122,319
Debt securities	(1,288)	560
Investment funds	51,395	87,638
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
	(24,800)	218,546
Interest income:		
Loans and advances	31,451	31,991
Financial assets at fair value through profit or loss	812	-
Promissory note	-	119
Other	1,529	1,449
Depreciation of fixed assets	(38,187)	(31,471)
Depreciation of right-of-use assets	(28,167)	(26,529)
Selling and distribution expenses [#]	(19,060)	(13,810)
Legal and professional fees [#]	(10,226)	(15,277)
Consultancy and service fees [#]	(10,681)	(13,440)
Utilities charges [#]	(5,934)	(5,922)
Repairs and maintenance expenses [#]	(3,282)	(4,223)

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

8. SHARE OF RESULTS OF 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.

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, healthcare and consumer sectors. Certain bank facilities of the LAAPL Group were secured by certain listed shares held under it.

9. INCOME TAX

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong:		
Charge for the period	2,191	2,580
Underprovision in prior periods	-	4
Deferred	54	(354)
	<u>2,245</u>	<u>2,230</u>
Mainland China and overseas:		
Charge for the period	1,542	1,967
Overprovision in prior periods	(212)	-
Deferred	207	1,330
	<u>1,537</u>	<u>3,297</u>
Total charge for the period	<u>3,782</u>	<u>5,527</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.

10. 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 493,154,000 ordinary shares (2021 — approximately 493,154,000 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.

11. INTERIM DIVIDEND

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interim dividend, declared — Nil (2021 — Nil)	-	-
	<u> </u>	<u> </u>

12. INTERESTS IN ASSOCIATES

Healthway Medical Corporation Limited (“Healthway”), TIH Limited (“TIH”) and Greenix Limited (“Greenix”) are considered as material associates of the Group. As at 30 June 2022, the Group’s interest in Healthway, TIH and Greenix were approximately HK\$449,753,000 (31 December 2021 — HK\$442,843,000), HK\$283,673,000 (31 December 2021 — HK\$290,504,000) and HK\$357,161,000 (31 December 2021 — HK\$359,368,000), respectively.

Healthway, together with its subsidiaries, owns, operates and manages close to 100 medical centres and clinics in Singapore. TIH is a closed-end fund which focuses on investment in various sectors in Asia such as consumer and industrial products, healthcare, technology, media and telecommunications, food, manufacturing and chemicals. Both Healthway and TIH are listed in Singapore. Greenix and its subsidiaries are engaged in property development in Singapore.

13. INTERESTS IN JOINT VENTURES

Interests in joint ventures mainly included the Group's interests in LAAPL. As at 30 June 2022, the Group's total interests in LAAPL was approximately HK\$10,251,742,000 (31 December 2021 — HK\$10,630,259,000).

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:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Outstanding balances with ages:		
Within 30 days	23,128	23,928
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	1,497
	48,470	50,007

15. BANK AND OTHER BORROWINGS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Current portion:		
Secured bank loans (<i>Note (a)</i>)	1,027,631	436,813
Secured other loans (<i>Note (b)</i>)	56,428	-
	<u>1,084,059</u>	<u>436,813</u>
Non-current portion:		
Bank loans:		
Secured (<i>Note (a)</i>)	352,929	1,010,272
Unsecured	334,333	272,556
Unsecured other loan (<i>Note (c)</i>)	70,000	100,000
	<u>757,262</u>	<u>1,382,828</u>
	<u>1,841,321</u>	<u>1,819,641</u>
Bank and other borrowings by currency:		
Hong Kong dollar	1,620,987	1,629,582
Singapore dollar	193,672	161,959
Malaysian ringgit	26,662	28,100
	<u>1,841,321</u>	<u>1,819,641</u>
Bank loans repayable:		
Within one year	1,027,631	436,813
In the second year	74,609	976,618
In the third to fifth years, inclusive	612,653	306,210
	<u>1,714,893</u>	<u>1,719,641</u>
Other borrowings repayable:		
Within one year	56,428	-
In the second year	70,000	100,000
	<u>126,428</u>	<u>100,000</u>

The Group's bank loans bear interest at rates ranging from 2.5% to 3.6% per annum (31 December 2021 — 1.3% to 3.4% per annum).

Note:

- (a) At the end of the reporting period, the bank loans were secured by:
 - (i) shares in certain listed subsidiaries of the Group with market value of HK\$1,705,221,000 (31 December 2021 — HK\$1,686,799,000);
 - (ii) first legal mortgages over certain investment properties and land and buildings of the Group with carrying amounts of HK\$245,850,000 (31 December 2021 — HK\$249,850,000) and HK\$846,055,000 (31 December 2021 — HK\$860,685,000), respectively; and
 - (iii) fixed and floating charges over all the assets of certain subsidiaries of the Group.
- (b) The Group's secured other loans represent 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.
- (c) The Group's unsecured other loan represents a loan advanced from Lippo Capital Limited, a holding company of the Company, which bears interest at a rate of 4% per annum (31 December 2021 — 4% per annum).

16. 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 was challenging during the Period. However, following the progressive lifting of Pandemic’s restrictions and reopening of borders in Singapore, business confidence there continued to revitalize on the back of a recovery in consumption and tourist arrivals contributing to a significant improvement in the performance of the Group’s joint ventures in Singapore.

Results for the Period

Amidst the challenging operating environment, the Group recorded a consolidated profit attributable to shareholders of HK\$105 million for the Period, as compared to a consolidated profit of HK\$237 million for the six months ended 30 June 2021 (“2021”). The decrease in profit 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. The impact was partially offset by the increase in share of profit of joint ventures during the Period.

Food businesses remain the principal sources of revenue of the Group, contributing to 81% (2021 — 81%) 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\$315 million (2021 — HK\$361 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\$82 million for the Period (2021 — HK\$85 million).

Property investment

The total segment revenue from the property investment business for the Period amounted to HK\$44 million (2021 — HK\$45 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. The Group recorded fair value loss on investment properties of HK\$4 million for the Period (2021 — gain of HK\$3 million). Segment profit before accounting for the share of results from the Group’s joint ventures amounted to HK\$21 million for the Period (2021 — HK\$23 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”). 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. As at 30 June 2022, the LAAPL Group had an equity interest of approximately 71.3% 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, 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 49.2% interest in OUE C-REIT as at 30 June 2022.

Committed occupancy of Singapore office properties of OUE C-REIT’s portfolio slightly improved to 92.9% as at 30 June 2022 as a result of improvements in office leasing momentum and its focus on prioritising occupancy. Mandarin Gallery’s committed occupancy also slightly increased to 90.3%, with committed occupancy including short-term leases at 95.6% as at 30 June 2022. For the second quarter of 2022, both shopper traffic and tenant sales of Mandarin Gallery had improved to approximately 90% and 85% of the pre-Pandemic levels respectively. The performance of the hospitality business improved following the opening of the re-branded Hilton Singapore Orchard in late February 2022 and an increase in tourist arrivals following Singapore’s reopening of borders. Hilton Singapore Orchard is the largest Hilton property in Asia-Pacific and its flagship in Singapore. 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 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.

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 businesses in high-growth Asian markets. As at 30 June 2022, the OUE Group owned approximately 70.4% equity interest in OUELH. 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, with a total capacity of approximately 340 beds, 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 economy in Myanmar is facing a series of external and internal challenges including the weakening of the Myanmar Kyats, resulting in the imposition of restrictions on export and import licences, and the country’s foreign exchange inflow and outflow. Nevertheless, as healthcare services remain to be an essential social service, the OUELH Group’s joint venture, Pun Hlaing Hospital, continued to see an uptrend in its performance in local currency terms. 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 (equivalent to 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.

In March 2022, the OUE LH Group divested its entire interests in 12 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 (equivalent to approximately HK\$929 million) which was mainly satisfied by new units in First REIT, resulting in an increase in the OUE LH Group’s direct interest in First REIT and the consolidation of First REIT as a subsidiary of the OUE LH Group. The divestment has enhanced the OUE LH Group’s capital structure and is in line with the OUE LH 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. 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, 12 in Japan and 3 in Singapore. As at 30 June 2022, the OUE Group (including that held through the OUE LH Group) had an approximately 44.0% interest in First REIT.

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”), a company listed on PT Bursa Efek Indonesia (Indonesia Stock Exchange) (the “IDX”). MDS is a leading retail operator with approximately 140 stores in 77 cities across Indonesia and a growing online presence. The OUE Group also held approximately 16% 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 retails, consumer services, telecommunications, multimedia, technology, financial services and industrial.

The Group recorded a share of profit of joint ventures of HK\$271 million from its investment in LAAPL for the Period (2021 — 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 decreased to HK\$10.3 billion (31 December 2021 — 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 HK\$17 million for the Period (2021 — loss of HK\$4 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 HK\$6 million (2021 — HK\$5 million) from the investment.

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".

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\$25 million in the statement of profit or loss from its securities investments for the Period as compared with a gain of HK\$211 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\$213 million).

As at 30 June 2022, the treasury and securities investments portfolio of HK\$1,906 million (31 December 2021 — HK\$2,115 million) comprised mainly cash and bank balances of HK\$706 million (31 December 2021 — HK\$887 million), financial assets at fair value through profit or loss ("FVPL") of HK\$1,094 million (31 December 2021 — HK\$1,143 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\$1,094 million (31 December 2021 — HK\$1,143 million), comprising equity securities of HK\$355 million (31 December 2021 — HK\$459 million), debt securities of HK\$44 million (31 December 2021 — HK\$57 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	8.0%	0.6%	72,602	18,367
Quantedge Global Fund (“Quantedge”)	80,442	7.4%	0.5%	84,838	(4,219)
GSH Corporation Limited (“GSH”)	71,084	6.5%	0.4%	78,649	(7,565)
Ilya Fund (“Ilya”)	69,288	6.3%	0.4%	20,390	52,441
Others (<i>Note</i>)	785,562	71.8%	5.0%	886,751	(82,678)
Total	1,094,212	100.0%	6.9%	1,143,230	(23,654)

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 8.0% and 0.6% 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 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 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 6.5% and 0.4% 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 0.1% 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 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 6.3% and 0.4% 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). Esseplere Pte. Ltd. ("Esseplere") is the major investment in this category. Esseplere 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 Esseplere 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 Esseplere amounted to HK\$25 million, representing approximately 25% and 0.2% 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 Catalist Board 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\$15.8 billion (31 December 2021 — HK\$16.6 billion). Property-related assets amounted to HK\$12.3 billion as at 30 June 2022 (31 December 2021 — HK\$12.7 billion), representing 77% (31 December 2021 — 77%) of the total assets. Total liabilities amounted to HK\$2.4 billion (31 December 2021 — HK\$2.5 billion). As at 30 June 2022, total cash and cash equivalents and time deposits amounted to HK\$0.8 billion (31 December 2021 — HK\$1.0 billion). Current ratio as at 30 June 2022 was 1.0 (31 December 2021 — 1.9).

As at 30 June 2022, bank and other borrowings of the Group amounted to HK\$1,841 million (31 December 2021 — HK\$1,820 million), which included bank borrowings of HK\$1,715 million (31 December 2021 — HK\$1,720 million) and other loans of HK\$126 million (31 December 2021 — HK\$100 million).

As at 30 June 2022, bank borrowings comprised secured bank loans of HK\$1,381 million (31 December 2021 — HK\$1,447 million) and unsecured bank loans of HK\$334 million (31 December 2021 — HK\$273 million). 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 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 30 June 2022, all the Group's bank borrowings carried interest at floating rates. As at 31 December 2021, approximately 3% of the Group's bank borrowings effectively carried fixed rate of interest and the remaining were at floating rates.

As at 30 June 2022, other loans comprised secured portion of HK\$56 million (31 December 2021 — Nil) and an unsecured portion of HK\$70 million (31 December 2021 — HK\$100 million). The Group's other loans were denominated in Hong Kong dollars and Singapore dollars. The secured other loans were fixed rate loans from a third party and were secured by certain financial assets of the Group. The unsecured other loan was a fixed rate loan from a holding company of the Company.

As at 30 June 2022, approximately 59% (31 December 2021 — 24%) 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 14.8% (31 December 2021 — 14.2%). The Group does not expect any liquidity pressures under the prolonged Pandemic.

The net asset value attributable to equity holders of the Company decreased to HK\$9.5 billion as at 30 June 2022 (31 December 2021 — HK\$9.9 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\$19.2 per share as at 30 June 2022 (31 December 2021 — HK\$20.2 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 815 full-time employees as at 30 June 2022 (30 June 2021 — 934 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Period amounted to HK\$150 million (2021 — HK\$155 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 and joint ventures 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 not to declare payment of any interim dividend for the six months ended 30 June 2022 (2021 — Nil).

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 LIMITED
John Luen Wai Lee
Managing Director and 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) 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.