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## HONGKONG CHINESE LIMITED

香港華人有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 655)

### FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Board of Directors of Hongkong Chinese Limited (the “Company”) announces the consolidated final results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2022 together with the comparative figures for the corresponding period in 2021 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

|   | Note | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|---|------|------------------|------------------|
| <b>Revenue</b>  | 4    | <b>71,773</b>    | 81,090           |
| Cost of sales   | 6    | (1,748)          | (4,340)          |
| <b>Gross profit</b>   |      | <b>70,025</b>    | 76,750           |
| Administrative expenses   |      | (33,582)         | (39,217)         |
| Other operating expenses  | 6    | (20,239)         | (19,332)         |
| Other gains/(losses) — net  | 5    | 15,418           | (3,346)          |
| Finance costs   |      | (11,096)         | (12,173)         |
| Share of results of associates  |      | (79,650)         | 18,473           |
| Share of results of joint ventures                                      | 7    | 550,340          | 633,031          |
| <b>Profit before tax</b>  | 6    | <b>491,216</b>   | 654,186          |
| Income tax  | 8    | (3,572)          | 15,679           |
| <b>Profit for the year</b>  |      | <b>487,644</b>   | 669,865          |
| <b>Attributable to:</b>   |      |                  |                  |
| Equity holders of the Company   |      | 488,768          | 670,303          |
| Non-controlling interests   |      | (1,124)          | (438)            |
|   |      | <b>487,644</b>   | 669,865          |
|   |      | <b>HK cents</b>  | HK cents         |
| <b>Earnings per share attributable to equity holders of the Company</b> | 9    |                  |                  |
| Basic and diluted   |      | <b>24.5</b>      | 33.5             |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

|   | 2022<br>HK\$'000   | 2021<br>HK\$'000 |
|---|--------------------|------------------|
| <b>Profit for the year</b>  | <b>487,644</b>     | 669,865          |
| <b>Other comprehensive income/(loss)</b>  |                    |                  |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:                     |                    |                  |
| Exchange differences on translation of foreign operations   | (17,705)           | (5,456)          |
| Exchange differences reclassified to profit or loss upon:   |                    |                  |
| Liquidation of foreign operations   | (21,689)           | 220              |
| Disposal of foreign associates  | -                  | 1,478            |
| Share of other comprehensive income/(loss) of joint ventures:   |                    |                  |
| Exchange differences on translation of foreign operations   | (662,884)          | (21,151)         |
| Other reserve   | 22,287             | 55,426           |
| Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax      | <b>(679,991)</b>   | 30,517           |
| Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:                         |                    |                  |
| Changes in fair value of equity instruments at fair value through other comprehensive income                            | (10)               | (2)              |
| Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures | (421,980)          | (178,761)        |
| Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax              | <b>(421,990)</b>   | (178,763)        |
| Other comprehensive loss for the year, net of tax   | <b>(1,101,981)</b> | (148,246)        |
| <b>Total comprehensive income/(loss) for the year</b>   | <b>(614,337)</b>   | 521,619          |
| <b>Attributable to:</b>   |                    |                  |
| Equity holders of the Company   | (611,548)          | 521,474          |
| Non-controlling interests   | (2,789)            | 145              |
|   | <b>(614,337)</b>   | 521,619          |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

|   | Note | 2022<br>HK\$'000  | 2021<br>HK\$'000  |
|---|------|-------------------|-------------------|
| <b>Non-current assets</b>   |      |                   |                   |
| Fixed assets  |      | 12,268            | 17,207            |
| Investment properties   |      | 139,395           | 151,491           |
| Right-of-use assets   |      | 529               | 240               |
| Interests in associates   |      | 287,649           | 365,888           |
| Interests in joint ventures                                       |      | 10,474,432        | 10,789,640        |
| Financial assets at fair value through other comprehensive income |      | 73                | 91                |
| Financial assets at fair value through profit or loss             |      | 3,050             | 3,100             |
|   |      | <u>10,917,396</u> | <u>11,327,657</u> |
| <b>Current assets</b>   |      |                   |                   |
| Properties held for sale  |      | 65,787            | 69,663            |
| Properties under development                                      |      | 25,081            | 28,471            |
| Loans and advances  |      | -                 | 8,210             |
| Debtors, prepayments and other assets                             | 11   | 4,219             | 3,189             |
| Financial assets at fair value through profit or loss             |      | 311               | 10,684            |
| Tax recoverable   |      | 512               | 157               |
| Cash and cash equivalents   |      | 207,373           | 122,211           |
|   |      | <u>303,283</u>    | <u>242,585</u>    |
| <b>Current liabilities</b>  |      |                   |                   |
| Lease liabilities   |      | 265               | 251               |
| Other payables, accruals and other liabilities                    |      | 22,507            | 26,309            |
| Tax payable   |      | 30,524            | 34,731            |
|   |      | <u>53,296</u>     | <u>61,291</u>     |
| <b>Net current assets</b>   |      | <u>249,987</u>    | <u>181,294</u>    |
| <b>Total assets less current liabilities</b>                      |      | <u>11,167,383</u> | <u>11,508,951</u> |

|  | 2022<br>HK\$'000         | 2021<br>HK\$'000         |
|--|--------------------------|--------------------------|
| <b>Non-current liabilities</b>                       |                          |                          |
| Bank loans   | 456,111                  | 272,556                  |
| Lease liabilities                                    | 265                      | -                        |
| Deferred tax liabilities                             | 13,288                   | 15,572                   |
|  | <u>469,664</u>           | <u>288,128</u>           |
| <b>Net assets</b>                                    | <b><u>10,697,719</u></b> | <b><u>11,220,823</u></b> |
| <b>Equity</b>  |                          |                          |
| Equity attributable to equity holders of the Company |                          |                          |
| Share capital  | 1,998,280                | 1,998,280                |
| Reserves   | 8,682,066                | 9,202,381                |
|  | <u>10,680,346</u>        | <u>11,200,661</u>        |
| Non-controlling interests                            | 17,373                   | 20,162                   |
|  | <b><u>10,697,719</u></b> | <b><u>11,220,823</u></b> |

Note:

## 1. BASIS OF PREPARATION

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

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the final results are consistent with those used in the Group’s audited financial statements for the year ended 31 December 2021, except for the adoption of the following revised HKFRSs for the first time for the current year’s final 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 nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

*Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. HKFRS 9 *Financial Instruments* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

### 3. SEGMENT INFORMATION

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

- (a) the property investment segment includes investments relating to the letting and resale of properties;
- (b) the property development segment includes the development and sale of properties;
- (c) the treasury investment segment includes investments in money markets;
- (d) the securities investment segment includes investments in securities that are held for trading and for long-term strategic purposes; and
- (e) the "other" segment comprises principally the provision of project management services.

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

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

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

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

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

**Year ended 31 December 2022**

|   | Property<br>investment<br>HK\$'000 | Property<br>development<br>HK\$'000 | Treasury<br>investment<br>HK\$'000 | Securities<br>investment<br>HK\$'000 | Other<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|------------------------------------|-------------------------------------|------------------------------------|--------------------------------------|-------------------|--------------------------|
| <b>Revenue — external</b>   | <b>68,611</b>                      | -                                   | <b>634</b>                         | <b>489</b>                           | <b>2,039</b>      | <b>71,773</b>            |
| <b>Segment results</b>  | <b>46,954</b>                      | <b>16,771</b>                       | <b>634</b>                         | <b>(1,114)</b>                       | <b>(2,168)</b>    | <b>61,077</b>            |
| Unallocated corporate expenses  |                                    |                                     |                                    |                                      |                   | (40,551)                 |
| Share of results of associates  | -                                  | (79,650)                            | -                                  | -                                    | -                 | (79,650)                 |
| Share of results of joint ventures  | 550,340                            | -                                   | -                                  | -                                    | -                 | 550,340                  |
| Profit before tax   |                                    |                                     |                                    |                                      |                   | 491,216                  |
| <b>Segment assets</b>   | <b>175,345</b>                     | <b>79,021</b>                       | <b>186,648</b>                     | <b>3,434</b>                         | <b>616</b>        | <b>445,064</b>           |
| Interests in associates   | 7,180                              | 280,469                             | -                                  | -                                    | -                 | 287,649                  |
| Interests in joint ventures   | 10,474,432                         | -                                   | -                                  | -                                    | -                 | 10,474,432               |
| Unallocated assets  |                                    |                                     |                                    |                                      |                   | 13,534                   |
| Total assets  |                                    |                                     |                                    |                                      |                   | 11,220,679               |
| <b>Segment liabilities</b>  | <b>460,364</b>                     | <b>9,403</b>                        | -                                  | -                                    | <b>604</b>        | <b>470,371</b>           |
| Unallocated liabilities   |                                    |                                     |                                    |                                      |                   | 52,589                   |
| Total liabilities   |                                    |                                     |                                    |                                      |                   | 522,960                  |
| <b>Other segment information:</b>   |                                    |                                     |                                    |                                      |                   |                          |
| Depreciation  | (131)                              | -                                   | -                                  | -                                    | (253)             | (384)                    |
| Interest income   | 60,834                             | -                                   | 634                                | -                                    | 192               | 61,660                   |
| Finance costs   | (11,091)                           | -                                   | -                                  | -                                    | (5)               | (11,096)                 |
| Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations  | -                                  | 22,055                              | -                                  | -                                    | -                 | 22,055                   |
| Write-back of provisions/(Provisions) for impairment losses on:   |                                    |                                     |                                    |                                      |                   |                          |
| Properties held for sale  | 1,018                              | -                                   | -                                  | -                                    | -                 | 1,018                    |
| Properties under development  | -                                  | (118)                               | -                                  | -                                    | -                 | (118)                    |
| Net fair value loss on financial instruments at fair value through profit or loss   | -                                  | -                                   | -                                  | (1,522)                              | -                 | (1,522)                  |
| Net fair value loss on investment properties  | (4,862)                            | -                                   | -                                  | -                                    | -                 | (4,862)                  |
| Unallocated:  |                                    |                                     |                                    |                                      |                   |                          |
| Capital expenditure ( <i>Note</i> )   |                                    |                                     |                                    |                                      |                   | 762                      |
| Depreciation  |                                    |                                     |                                    |                                      |                   | (5,531)                  |
| Loss on disposal of fixed assets  |                                    |                                     |                                    |                                      |                   | (1)                      |
| Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations |                                    |                                     |                                    |                                      |                   | (366)                    |

Year ended 31 December 2021

|   | Property<br>investment<br>HK\$'000 | Property<br>development<br>HK\$'000 | Treasury<br>investment<br>HK\$'000 | Securities<br>investment<br>HK\$'000 | Other<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|------------------------------------|-------------------------------------|------------------------------------|--------------------------------------|-------------------|--------------------------|
| <b>Revenue — external</b>   | 69,693                             | 7,490                               | 385                                | 614                                  | 2,908             | 81,090                   |
| <b>Segment results</b>  | 48,266                             | (473)                               | 385                                | 1,827                                | (2,251)           | 47,754                   |
| Unallocated corporate expenses  |                                    |                                     |                                    |                                      |                   | (45,072)                 |
| Share of results of associates  | -                                  | 18,473                              | -                                  | -                                    | -                 | 18,473                   |
| Share of results of joint ventures  | 631,755                            | 1,276                               | -                                  | -                                    | -                 | 633,031                  |
| Profit before tax   |                                    |                                     |                                    |                                      |                   | 654,186                  |
| <b>Segment assets</b>   | 185,303                            | 87,348                              | 102,920                            | 13,875                               | 8,521             | 397,967                  |
| Interests in associates   | 6,520                              | 359,368                             | -                                  | -                                    | -                 | 365,888                  |
| Interests in joint ventures   | 10,789,640                         | -                                   | -                                  | -                                    | -                 | 10,789,640               |
| Unallocated assets  |                                    |                                     |                                    |                                      |                   | 16,747                   |
| Total assets  |                                    |                                     |                                    |                                      |                   | 11,570,242               |
| <b>Segment liabilities</b>  | 278,218                            | 10,491                              | -                                  | -                                    | 344               | 289,053                  |
| Unallocated liabilities   |                                    |                                     |                                    |                                      |                   | 60,366                   |
| Total liabilities   |                                    |                                     |                                    |                                      |                   | 349,419                  |
| <b>Other segment information:</b>   |                                    |                                     |                                    |                                      |                   |                          |
| Capital expenditure ( <i>Note</i> )   | 156                                | -                                   | -                                  | -                                    | -                 | 156                      |
| Depreciation  | (151)                              | -                                   | -                                  | -                                    | (269)             | (420)                    |
| Interest income   | 61,931                             | -                                   | 385                                | -                                    | 254               | 62,570                   |
| Finance costs   | (12,158)                           | -                                   | -                                  | -                                    | (15)              | (12,173)                 |
| Loss on disposal of:  |                                    |                                     |                                    |                                      |                   |                          |
| Fixed assets  | -                                  | (30)                                | -                                  | -                                    | -                 | (30)                     |
| Associates  | -                                  | -                                   | -                                  | -                                    | (1,492)           | (1,492)                  |
| Write-back of provisions/(Provisions) for<br>impairment losses on:  |                                    |                                     |                                    |                                      |                   |                          |
| Properties held for sale  | 777                                | -                                   | -                                  | -                                    | -                 | 777                      |
| Properties under development  | -                                  | (134)                               | -                                  | -                                    | -                 | (134)                    |
| Net fair value gain on financial instruments at<br>fair value through profit or loss  | -                                  | -                                   | -                                  | 1,254                                | -                 | 1,254                    |
| Net fair value loss on investment properties  | (2,442)                            | -                                   | -                                  | -                                    | -                 | (2,442)                  |
| Unallocated:  |                                    |                                     |                                    |                                      |                   |                          |
| Capital expenditure ( <i>Note</i> )   |                                    |                                     |                                    |                                      |                   | 384                      |
| Depreciation  |                                    |                                     |                                    |                                      |                   | (5,724)                  |
| Realised translation losses reclassified to the<br>statement of profit or loss relating to<br>liquidation of foreign operations |                                    |                                     |                                    |                                      |                   | (220)                    |

*Note:* Capital expenditure includes additions to fixed assets.



## Geographical information

### (a) Revenue from external customers

|                       | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|-----------------------|------------------|------------------|
| Hong Kong             | 211              | 35               |
| Mainland China        | 4,995            | 12,499           |
| Republic of Singapore | 53,956           | 55,825           |
| Indonesia             | 9,522            | 9,723            |
| Other                 | 3,089            | 3,008            |
|                       | <u>71,773</u>    | <u>81,090</u>    |

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

### (b) Non-current assets

|                       | 2022<br>HK\$'000  | 2021<br>HK\$'000  |
|-----------------------|-------------------|-------------------|
| Hong Kong             | 87                | 158               |
| Mainland China        | 66,146            | 77,187            |
| Republic of Singapore | 10,637,124        | 11,035,894        |
| Indonesia             | 146,791           | 146,427           |
| Other                 | 64,125            | 64,800            |
|                       | <u>10,914,273</u> | <u>11,324,466</u> |

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

## Information about major customers

For the year ended 31 December 2022, revenue of approximately HK\$51,271,000 (2021 — HK\$52,208,000) and HK\$9,522,000 (2021 — HK\$9,723,000) was derived from interest income from two major customers in the property investment segment.

#### 4. REVENUE

An analysis of revenue is as follows:

|  | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|--|------------------|------------------|
| Revenue from contracts with customers:       |                  |                  |
| Sale of properties                           | -                | 3,969            |
| Provision of project management services     | 1,827            | 2,627            |
|  | <u>1,827</u>     | <u>6,596</u>     |
| Revenue from other sources:                  |                  |                  |
| Property rental income from operating leases | 7,777            | 7,762            |
| Interest income                              | 61,660           | 62,570           |
| Dividend income                              | 489              | 614              |
| Other  | 20               | 3,548            |
|  | <u>71,773</u>    | <u>81,090</u>    |

#### Revenue from contracts with customers Disaggregated revenue information

| Segments                                    | Property<br>development<br>HK\$'000 | Other<br>HK\$'000 | Total<br>HK\$'000 |
|---|-------------------------------------|-------------------|-------------------|
| <b>Year ended 31 December 2022</b>          |                                     |                   |                   |
| Types of goods or services:                 |                                     |                   |                   |
| Provision of project management services    | -                                   | 1,827             | 1,827             |
|   | <u>-</u>                            | <u>1,827</u>      | <u>1,827</u>      |
| Total revenue from contracts with customers | <u>-</u>                            | <u>1,827</u>      | <u>1,827</u>      |
| Geographical markets:                       |                                     |                   |                   |
| Republic of Singapore                       | -                                   | 1,827             | 1,827             |
|   | <u>-</u>                            | <u>1,827</u>      | <u>1,827</u>      |
| Total revenue from contracts with customers | <u>-</u>                            | <u>1,827</u>      | <u>1,827</u>      |
| Timing of revenue recognition:              |                                     |                   |                   |
| Services transferred over time              | -                                   | 1,827             | 1,827             |
|   | <u>-</u>                            | <u>1,827</u>      | <u>1,827</u>      |
| Total revenue from contracts with customers | <u>-</u>                            | <u>1,827</u>      | <u>1,827</u>      |

| Segments                                    | Property<br>development<br>HK\$'000 | Other<br>HK\$'000 | Total<br>HK\$'000 |
|---|-------------------------------------|-------------------|-------------------|
| Year ended 31 December 2021                 |                                     |                   |                   |
| Types of goods or services:                 |                                     |                   |                   |
| Sale of properties                          | 3,969                               | -                 | 3,969             |
| Provision of project management services    | -                                   | 2,627             | 2,627             |
|   | <hr/>                               | <hr/>             | <hr/>             |
| Total revenue from contracts with customers | 3,969                               | 2,627             | 6,596             |
|   | <hr/>                               | <hr/>             | <hr/>             |
| Geographical markets:                       |                                     |                   |                   |
| Mainland China                              | 3,969                               | -                 | 3,969             |
| Republic of Singapore                       | -                                   | 2,627             | 2,627             |
|   | <hr/>                               | <hr/>             | <hr/>             |
| Total revenue from contracts with customers | 3,969                               | 2,627             | 6,596             |
|   | <hr/>                               | <hr/>             | <hr/>             |
| Timing of revenue recognition:              |                                     |                   |                   |
| Goods transferred at a point in time        | 3,969                               | -                 | 3,969             |
| Services transferred over time              | -                                   | 2,627             | 2,627             |
|   | <hr/>                               | <hr/>             | <hr/>             |
| Total revenue from contracts with customers | 3,969                               | 2,627             | 6,596             |
|   | <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                                       | Property<br>development<br>HK\$'000 | Other<br>HK\$'000 | Total<br>HK\$'000 |
|--|-------------------------------------|-------------------|-------------------|
| <b>Year ended 31 December 2022</b>             |                                     |                   |                   |
| Revenue from contracts with external customers | -                                   | 1,827             | 1,827             |
| Revenue from other sources — external          | -                                   | 212               | 212               |
|  | <hr/>                               | <hr/>             | <hr/>             |
| Total segment revenue                          | -                                   | 2,039             | 2,039             |
|  | <hr/>                               | <hr/>             | <hr/>             |
| Year ended 31 December 2021                    |                                     |                   |                   |
| Revenue from contracts with external customers | 3,969                               | 2,627             | 6,596             |
| Revenue from other sources — external          | 3,521                               | 281               | 3,802             |
|  | <hr/>                               | <hr/>             | <hr/>             |
| Total segment revenue                          | 7,490                               | 2,908             | 10,398            |
|  | <hr/>                               | <hr/>             | <hr/>             |

## 5. OTHER GAINS/(LOSSES) — NET

|   | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|---|------------------|------------------|
| Net fair value gain/(loss) on financial instruments at fair value through profit or loss:   |                  |                  |
| Financial assets at fair value through profit or loss mandatorily classified as such, including those held for trading:           |                  |                  |
| Equity securities   | (1,469)          | 1,153            |
| Debt securities   | (50)             | 220              |
| Investment funds  | (3)              | (119)            |
|   | <u>(1,522)</u>   | <u>1,254</u>     |
| Loss on disposal of:  |                  |                  |
| Fixed assets  | (1)              | (30)             |
| Associates  | -                | (1,492)          |
| Net fair value loss on investment properties  | (4,862)          | (2,442)          |
| Write-back of provisions/(Provisions) for impairment losses on:   |                  |                  |
| Properties held for sale  | 1,018            | 777              |
| Properties under development  | (118)            | (134)            |
| Foreign exchange losses — net   | (786)            | (1,059)          |
| Realised translation gains/(losses) reclassified to the statement of profit or loss relating to liquidation of foreign operations | 21,689           | (220)            |
|   | <u>15,418</u>    | <u>(3,346)</u>   |

## 6. PROFIT BEFORE TAX

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

|   | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|---|------------------|------------------|
| Cost of sales:                            |                  |                  |
| Cost of properties sold                   | -                | (2,158)          |
| Other                                     | (1,748)          | (2,182)          |
|   | <u>(1,748)</u>   | <u>(4,340)</u>   |
| Interest income:                          |                  |                  |
| Loans and advances                        | 61,026           | 62,185           |
| Other                                     | 634              | 385              |
| Depreciation of fixed assets              | (5,669)          | (5,882)          |
| Depreciation of right-of-use assets       | (246)            | (262)            |
| Legal and professional fees <sup>#</sup>  | (3,242)          | (3,390)          |
| Consultancy and service fees <sup>#</sup> | (5,805)          | (5,815)          |
|   | <u>61,026</u>    | <u>62,185</u>    |

<sup>#</sup> The amounts are included in “Other operating expenses” in the consolidated statement of profit or loss.

## 7. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures for the year ended 31 December 2022 mainly included share of profit of Lippo ASM Asia Property Limited (“LAAPL”, together with its subsidiaries, the “LAAPL Group”) of HK\$554,277,000 (2021 — HK\$636,166,000). The change was mainly attributable to lower profit contribution from its equity-accounted investees for the year ended 31 December 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 leading pan-Asian, full service real estate development, investment and management conglomerate with assets across the commercial, hospitality, retail, residential, healthcare and consumer sectors. Certain bank facilities of the LAAPL Group were secured by certain listed shares held under it.

## 8. INCOME TAX

|                                    | 2022<br>HK\$'000    | 2021<br>HK\$'000       |
|------------------------------------|---------------------|------------------------|
| Hong Kong:                         |                     |                        |
| Charge for the year                | 4,807               | 4,141                  |
| Overprovision in prior years       | (20)                | (21)                   |
| Deferred                           | (12)                | (32)                   |
|                                    | <u>4,775</u>        | <u>4,088</u>           |
| Mainland China and overseas:       |                     |                        |
| Charge for the year                | 279                 | 292                    |
| Overprovision in prior years       | -                   | (17,730)               |
| Deferred:                          |                     |                        |
| Current year                       | (1,482)             | (1,070)                |
| Effect of change in tax rate       | -                   | (1,259)                |
|                                    | <u>(1,203)</u>      | <u>(19,767)</u>        |
| Total charge/(credit) for the year | <u><u>3,572</u></u> | <u><u>(15,679)</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 year 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 jurisdictions in which the Group operates.

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

### (a) Basic earnings per share

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

### (b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

## 10. DIVIDENDS

|  | <b>2022</b>     | 2021     |
|--|-----------------|----------|
|  | <b>HK\$'000</b> | HK\$'000 |
| Interim dividend, declared — HK1 cent per ordinary share<br>(2021 — Nil)   | <b>19,983</b>   | -        |
| Final dividend, proposed — Nil<br>(2021 — HK1.25 cents per ordinary share) | -               | 24,979   |
|  | <b>19,983</b>   | 24,979   |

## 11. 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:

|                                 | <b>2022</b>     | 2021     |
|---------------------------------|-----------------|----------|
|                                 | <b>HK\$'000</b> | HK\$'000 |
| Outstanding balances with ages: |                 |          |
| Within 30 days                  | <b>21</b>       | 48       |
| Over 60 days                    | -               | 87       |
|                                 | <b>21</b>       | 135      |

## **BUSINESS REVIEW**

### **Overview**

The global economy experienced a number of challenges during the year ended 31 December 2022 (the “Year”). Renewed COVID-19 pandemic (the “Pandemic”) lockdowns in mainland China during the Year had disrupted its economic activities and slowed down its economic growth. The Russia-Ukraine war, geopolitical tensions and Pandemic-induced supply chain bottlenecks had pushed up prices in food, energy and commodities. Inflation soared to very high levels and major central banks have tightened their monetary policies. Amid this background, most countries have reopened their economies and are moving forward from the Pandemic. The Singapore economy expanded by 3.6% for the Year, moderating from the 8.9% growth in 2021. The Group and its joint ventures were able to weather through the challenging operating environment during the Year and captured strategic opportunities arising from the recovering operating conditions.

### **Results for the Year**

Against this backdrop, the Group recorded a consolidated profit attributable to shareholders of HK\$489 million for the Year, as compared to a consolidated profit of HK\$670 million for the year ended 31 December 2021 (“2021”). The decrease in profit was largely attributable to the decrease in share of profit of joint ventures which was mainly attributable to lower profit contribution from a joint venture’s equity-accounted investees and the share of loss of associates of the Group for the Year as compared with a share of profit for 2021.

Revenue for the Year amounted to HK\$72 million (2021 — HK\$81 million). Property investment and development businesses contributed to 96% (2021 — 95%) of total revenue for the Year.

The Group’s other operating expenses mainly included legal and professional fees and consultancy and service fees. Other operating expenses amounted to HK\$20 million for the Year (2021 — HK\$19 million).

### ***Property investment***

Segment revenue from the property investment business was mainly attributable to recurrent rental income from the Group’s investment properties and interest income from the loans to joint ventures of the Group. Segment revenue for the Year amounted to HK\$69 million (2021 — HK\$70 million). Segment profit before accounting for the share of results from the Group’s joint ventures amounted to HK\$47 million for the Year (2021 — HK\$48 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 31 December 2022, the LAAPL Group had an equity interest of approximately 73.0% in OUE.

OUE Commercial Real Estate Investment Trust (“OUE C-REIT”), a subsidiary of OUE, is one of the largest diversified REITs listed on the SGX-ST. The property portfolio of OUE C-REIT includes OUE Bayfront, One Raffles Place, OUE Downtown Office, Hilton Singapore Orchard, 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 49.3% interest in OUE C-REIT as at 31 December 2022.

Singapore office properties, as the pillar of OUE C-REIT’s overall portfolio, continued to benefit from “flight-to-quality” trend and limited supply, with the committed occupancy remaining high at 95.5% as at 31 December 2022 on the back of proactive leasing strategy. Benefitting from the return of international travellers and the improvement in consumer sentiment in Singapore, Mandarin Gallery recorded improving operational metrics with shopper traffic and tenant sales for the last quarter of the Year reaching approximately 95% and 85% of the pre-Pandemic levels respectively. The performance of the hospitality business has been improved during the Year, supported by the successful re-branding of Hilton Singapore Orchard as well as the continued recovery in tourism, business travel and meetings, incentives, conventions and exhibitions (“MICE”) sector in Singapore. In January 2023, 446 rooms in the Orchard Wing of Hilton Singapore Orchard re-opened, marking the successful completion of the final phase of the asset enhancement initiative which was announced in March 2020. The continued recovery in the MICE sector and mainland China’s relaxation of COVID-19 restrictions are expected to provide a further boost to international arrivals in 2023 on the back of increasing flight connectivity and capacity. Tourism activity in Singapore is expected to recover to pre-Pandemic levels by 2024. OUE C-REIT’s hotel properties are well-positioned to capitalise on the ongoing recovery in the hospitality sector.

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 31 December 2022, the OUE Group owned approximately 70.4% equity interest in OUELH. In June 2022, a joint venture, in which the OUELH Group and the OUE Group hold 60% and 40% respectively, established a medical partnership with three medical groups (including two leading respiratory specialist practices as well as one cardiothoracic surgery practice) in Singapore. Such medical partnership is a milestone step for the OUELH Group in building its healthcare ecosystem in Asia anchored on Singapore’s medical standards and quality. In mainland China, the construction and development of Changshu China Merchants-Lippo Obstetrics & Gynaecology Hospital (the “Changshu Hospital”) and Shenzhen China Merchants-Lippo Prince Bay Hospital (the “Prince Bay Hospital”), with a total capacity of approximately 340 beds, continue to progress as planned. The Changshu Hospital, which will be providing premium obstetrics and gynaecology healthcare services, including ancillary related services such as postpartum care, is on track to be commissioned in 2023. The Prince Bay Hospital is expected to be commissioned in 2024. Both hospitals would be operated by the OUELH Group’s joint venture with the China Merchants Group.

In March 2022, the OUELH 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 S\$165.9 million (equivalent to approximately HK\$959 million) which was mainly satisfied by new units in First REIT, resulting in an increase in the OUELH Group’s direct interest in First REIT and the consolidation of First REIT as a subsidiary of the OUELH Group. First REIT is repositioned with further diversification of its portfolio by geography and tenants. In September 2022, First REIT further acquired two nursing homes in Japan and disposed of a hospital property in Indonesia. Such transactions increased its asset portfolio in developed markets to 27.9% as at 31 December 2022 with a target of further increasing it to more than 50% over the next three to five years. Following such transactions, First REIT has 32 properties comprising 15 in Indonesia, 14 in Japan and 3 in Singapore. As at 31 December 2022, the OUE Group (including that held through the OUELH Group) had an approximately 44.2% interest in First REIT.

The Group recorded a share of profit of joint ventures of HK\$554 million from its investment in LAAPL for the Year (2021 — HK\$636 million). The change was mainly attributable to lower profit contribution from the joint venture’s equity-accounted investees for the Year. Coupled with share of foreign exchange translation losses of overseas operations of the LAAPL Group and share of fair value loss of its financial assets at fair value through other comprehensive income in reserves during the Year, the Group’s total interests in LAAPL as at 31 December 2022 decreased to HK\$10.3 billion (31 December 2021 — HK\$10.6 billion).

#### ***Property development***

The sale of the remaining properties at Lippo Plaza in Beijing, the PRC remained stagnant during the Year due to the renewed lockdowns and gloomy local property market. The segment recorded a revenue of HK\$7 million in 2021. The dissolution of a joint venture which was previously engaged in property development project in Singapore was completed during the Year. 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 Year (2021 — loss of HK\$0.5 million) before accounting for the share of results from the Group’s associates and joint ventures.

The Group shared a loss of associates of HK\$80 million for the Year (2021 — a profit of HK\$18 million) which was mainly arisen from its 50% investment in a property development project in Singapore. Such loss was mainly attributable to the provision made by an associate in relation to a legal claim against that associate.

#### ***Treasury and securities investments***

The Group managed its investment portfolio and looked for opportunities to enhance yields. Total revenue from treasury and securities investments businesses for the Year amounted to HK\$1 million (2021 — HK\$1 million). The performance of the equity markets was unsatisfactory during the Year. The Group recorded a net fair value loss of HK\$2 million in the statement of profit or loss from its securities investments for the Year as compared with a gain of HK\$1 million in 2021 under this segment. As a result, the treasury and securities investments businesses recorded a net loss of HK\$0.5 million for the Year (2021 — a profit of HK\$2 million).

#### **Financial Position**

The Group’s financial position remained healthy. As at 31 December 2022, its total assets amounted to HK\$11.2 billion (31 December 2021 — HK\$11.6 billion). Property-related assets amounted to HK\$11.0 billion as at 31 December 2022 (2021 — HK\$11.4 billion), representing 98% (31 December 2021 — 99%) of total assets. Total liabilities as at 31 December 2022 amounted to HK\$523 million (31 December 2021 — HK\$349 million). Total cash and cash equivalents as at 31 December 2022 amounted to HK\$207 million (31 December 2021 — HK\$122 million). Current ratio as at 31 December 2022 amounted to 5.7 (31 December 2021 — 4.0).



As at 31 December 2022, the Group's bank loans amounted to HK\$456 million (31 December 2021 — HK\$273 million). The bank loans were denominated in Hong Kong dollars and carried interest at floating rate. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 31 December 2022, all the bank loans were repayable after two years (31 December 2021 — three years). The gearing ratio (measured as total borrowings to equity attributable to equity holders of the Company) was 4.3% as at 31 December 2022 (31 December 2021 — 2.4%).

The net asset value attributable to equity holders of the Company decreased to HK\$10.7 billion as at 31 December 2022 (31 December 2021 — HK\$11.2 billion), which was mainly attributable to the share of reduction in reserves of the LAAPL Group offset with net profit for the Year. This was equivalent to HK\$5.3 per share (31 December 2021 — HK\$5.6 per share).

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

The Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Year (31 December 2021 — Nil).

The Group's investments or capital assets will be financed by its internal resources and/or external bank financing, as appropriate. As at 31 December 2022, the Group's total capital commitment amounted to HK\$0.4 million (31 December 2021 — Nil).

### **Staff and Remuneration**

The Group had 41 full-time employees as at 31 December 2022 (31 December 2021 — 41 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Year amounted to HK\$22 million (2021 — HK\$27 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

### **PROSPECTS**

The global economic environment is expected to be challenging in 2023. Downside risks such as the continuation of the Russia-Ukraine war, geopolitical tensions, tighter monetary policies, inflationary pressures and the recent banking crisis would affect global economic growth. However, it is expected that the economy in mainland China would record faster growth after the lifting of its Pandemic's restrictions. It is projected that the economy in Singapore, where the Group has operations, would have a growth in the region of 0.5% to 2.5% in 2023. Amid the challenging operating environment, the Group and its joint ventures will continue to exercise prudent capital management in their operations.

### **DIVIDENDS**

The Directors have resolved not to recommend payment of any final dividend (2021 – HK1.25 cents per share) for the year ended 31 December 2022 (2021 – approximately HK\$25 million). An interim dividend of HK1 cent per share (2021 – Nil) was paid in October 2022. Total dividends for the year ended 31 December 2022 would be HK1 cent per share (2021 – HK1.25 cents per share) which amounted to approximately HK\$20 million (2021 – approximately HK\$25 million).

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming Annual General Meeting to be held on Friday, 2 June 2023 (the "2023 AGM"). In order to be entitled to attend and vote at the 2023 AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 29 May 2023.

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

During the year ended 31 December 2022, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

## **CORPORATE GOVERNANCE**

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

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2022.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “Committee”). The existing members of the Committee comprise two independent non-executive Directors, namely Mr. King Fai Tsui (Chairman) and Mr. Edwin Neo and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters and has reviewed and agreed with the consolidated financial statements of the Group for the year ended 31 December 2022.

## **AUDITOR’S PROCEDURES ON THIS PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 (the “Year”) as set out in this preliminary announcement have been agreed by the Group’s independent auditor, Ernst & Young, to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this preliminary announcement.

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

Hong Kong, 30 March 2023

*As at the date of this announcement, the Board of Directors of the Company comprises seven directors, of which Dr. Stephen Riady (Chairman), Mr. John Luen Wai Lee (Chief Executive Officer) and Mr. Brian Riady as executive Directors, Mr. Leon Nim Leung Chan as non-executive Director and Mr. King Fai Tsui, Mr. Edwin Neo and Ms. Min Yen Goh as independent non-executive Directors.*

*\* For identification purpose only*