HONGKONG CHINESE LIMITED
香 港 華 人 有 限 公 司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 655)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board of Directors of Hongkong Chinese Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2023 together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2023

	Note	**Unaudited Six months ended 30 June 2023 HK$'000**	2022 HK$'000
Revenue	4	**36,862**	36,656
Cost of sales		**(1,131)**	(945)
Gross profit		**35,731**	35,711
Administrative expenses		**(17,438)**	(18,181)
Other operating expenses	6	**(9,917)**	(9,860)
Other gains/(losses) — net	5	**(129)**	19,745
Finance costs		**(11,337)**	(3,785)
Share of results of associates		**2,954**	6,393
Share of results of joint ventures	7	**90,555**	268,653
Profit before tax	6	**90,419**	298,676
Income tax	8	**(2,248)**	(2,048)
Profit for the period		**88,171**	296,628
Attributable to:			
Equity holders of the Company		**88,679**	297,144
Non-controlling interests		**(508)**	(516)
		88,171	296,628
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company	9		
Basic and diluted		**4.4**	14.9

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2023

	Unaudited Six months ended 30 June 2023 HK$'000	2022 HK$'000
Profit for the period	**88,171**	296,628
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	**(7,898)**	(21,791)
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	**-**	(21,689)
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	**(179,684)**	(449,488)
Other reserve	**(145)**	51,931
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	**(187,727)**	(441,037)
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	**(5)**	(14)
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	**(76,299)**	(281,634)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	**(76,304)**	(281,648)
Other comprehensive loss for the period, net of tax	**(264,031)**	(722,685)
Total comprehensive loss for the period	**(175,860)**	(426,057)
Attributable to:		
Equity holders of the Company	**(174,831)**	(424,670)
Non-controlling interests	**(1,029)**	(1,387)
	(175,860)	(426,057)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Note	**30 June 2023 HK$'000 (Unaudited)**	31 December 2022 HK$'000 (Audited)
Non-current assets			
Fixed assets		**10,484**	12,268
Investment properties		**137,593**	139,395
Right-of-use assets		**392**	529
Interests in associates		**289,123**	287,649
Interests in joint ventures	7	**10,349,644**	10,474,432
Financial assets at fair value through other comprehensive income		**70**	73
Financial assets at fair value through profit or loss		**2,950**	3,050
		10,790,256	10,917,396
Current assets			
Properties held for sale		**64,197**	65,787
Properties under development		**23,051**	25,081
Debtors, prepayments and other assets	11	**2,709**	4,219
Financial assets at fair value through profit or loss		**272**	311
Tax recoverable		**490**	512
Cash and cash equivalents		**177,093**	207,373
		267,812	303,283
Current liabilities			
Lease liabilities		**268**	265
Other payables, accruals and other liabilities		**17,426**	22,507
Tax payable		**31,762**	30,524
		49,456	53,296
Net current assets		**218,356**	249,987
Total assets less current liabilities		**11,008,612**	11,167,383

	30 June 2023 HK$'000 (Unaudited)	31 December 2022 HK$'000 (Audited)
Non-current liabilities		
Bank loans	**463,889**	456,111
Lease liabilities	**128**	265
Deferred tax liabilities	**13,166**	13,288
	477,183	469,664
Net assets	**10,531,429**	10,697,719
Equity		
Equity attributable to equity holders of the Company		
Share capital	**1,998,280**	1,998,280
Reserves	**8,516,805**	8,682,066
	10,515,085	10,680,346
Non-controlling interests	**16,344**	17,373
	10,531,429	10,697,719

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 2022. The interim results have been reviewed by the audit committee of the Company.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim results are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations for the first time for the current period's interim results:

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim results but are expected to affect the accounting policy disclosures in the Group's annual financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

3. SEGMENT INFORMATION

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

(a) the property investment segment includes investments relating to the letting and resale of properties;

(b) the property development segment includes the development and sale of properties;

(c) the treasury investment segment includes investments in money markets;

(d) the securities investment segment includes investments in securities that are held for trading and for long-term strategic purposes; and

(e) the "other" segment comprises principally the provision of project management services.

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

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

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

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

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

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Other HK$'000	Consolidated HK$'000
Six months ended 30 June 2023						
Revenue — external	**34,790**	**-**	**1,822**	**2**	**248**	**36,862**
Segment results	**20,030**	**(2,679)**	**1,822**	**(140)**	**(1,391)**	**17,642**
Unallocated corporate expenses						**(20,732)**
Share of results of associates	**-**	**2,954**	**-**	**-**	**-**	**2,954**
Share of results of joint ventures	**90,555**	-	-	-	-	**90,555**
Profit before tax						**90,419**
Other segment information:						
Capital expenditure *(Note)*	**45**	**10**	**-**	**-**	**-**	**55**
Depreciation	**(18)**	**(1)**	**-**	**-**	**(140)**	**(159)**
Interest income	**31,195**	**-**	**1,822**	**-**	**-**	**33,017**
Finance costs	**(11,328)**	**-**	**-**	**-**	**(9)**	**(11,337)**
Net fair value loss on financial instruments at fair value through profit or loss	**-**	**-**	**-**	**(139)**	**-**	**(139)**
Unallocated:						
Capital expenditure *(Note)*						**1,076**
Depreciation						**(2,881)**
Six months ended 30 June 2022						
Revenue — external	34,489	-	187	314	1,666	36,656
Segment results	27,445	19,289	187	(1,047)	(873)	45,001
Unallocated corporate expenses						(21,371)
Share of results of associates	-	6,393	-	-	-	6,393
Share of results of joint ventures	268,653	-	-	-	-	268,653
Profit before tax						298,676
Other segment information:						
Depreciation	(13)	-	-	-	(134)	(147)
Interest income	30,479	-	187	-	122	30,788
Finance costs	(3,782)	-	-	-	(3)	(3,785)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	-	22,055	-	-	-	22,055
Net fair value loss on financial instruments at fair value through profit or loss	-	-	-	(1,355)	-	(1,355)
Unallocated:						
Capital expenditure *(Note)*						17
Depreciation						(2,778)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations						(366)

Note: Capital expenditure includes additions to fixed assets.

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Other HK$'000	Consolidated HK$'000
At 30 June 2023 (unaudited)						
Segment assets	**174,865**	**75,530**	**155,261**	**3,292**	**476**	**409,424**
Interests in associates	**7,171**	**281,952**	**-**	**-**	**-**	**289,123**
Interests in joint ventures	**10,349,644**	**-**	**-**	**-**	**-**	**10,349,644**
Unallocated assets						**9,877**
Total assets						**11,058,068**
Segment liabilities	**468,655**	**9,195**	**-**	**-**	**421**	**478,271**
Unallocated liabilities						**48,368**
Total liabilities						**526,639**
At 31 December 2022 (audited)						
Segment assets	175,345	79,021	186,648	3,434	616	445,064
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
Segment liabilities	460,364	9,403	-	-	604	470,371
Unallocated liabilities						52,589
Total liabilities						522,960

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Revenue from contracts with customers:		
Provision of project management services	**246**	1,534
Revenue from other sources:		
Property rental income from operating leases	**3,595**	4,010
Interest income	**33,017**	30,788
Dividend income	**2**	314
Other	**2**	10
	36,862	36,656

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Other segment		
Types of goods or services:		
Provision of project management services	**246**	1,534
Geographical markets:		
Republic of Singapore	**246**	1,534
Timing of revenue recognition:		
Services transferred over time	**246**	1,534

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

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Other segment		
Revenue from contracts with external customers	**246**	1,534
Revenue from other sources — external	**2**	132
Total segment revenue	**248**	1,666

5. OTHER GAINS/(LOSSES) — NET

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Net fair value gain/(loss) on financial instruments at fair value through profit or loss:		
Financial assets at fair value through profit or loss mandatorily classified as such, including those held for trading:		
Equity securities	**(39)**	(1,452)
Debt securities	**(100)**	100
Investment funds	**-**	(3)
	(139)	(1,355)
Foreign exchange gain/(losses) — net	**10**	(589)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	**-**	21,689
	(129)	19,745

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Interest income:		
Loans and advances	**31,195**	30,601
Other	**1,822**	187
Depreciation of fixed assets	**(2,904)**	(2,795)
Depreciation of right-of-use assets	**(136)**	(130)
Legal and professional fees#	**(989)**	(1,682)
Consultancy and service fees#	**(2,894)**	(2,905)

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

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

Share of results of joint ventures for the six months ended 30 June 2023 mainly included share of profit of Lippo ASM Asia Property Limited ("LAAPL", together with its subsidiaries, the "LAAPL Group") of HK$93,010,000 (2022 — HK$271,049,000). The change was mainly attributable to lower profit contribution from the joint venture's equity-accounted investees, higher finance expenses and less net fair value gain from the investments designated at fair value through profit or loss held by the joint ventures during the six months ended 30 June 2023. As at 30 June 2023, the Group's total interests in LAAPL was approximately HK$10,198,399,000 (31 December 2022 — HK$10,327,641,000).

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

8. INCOME TAX

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Hong Kong:		
Charge for the period	**2,125**	2,105
Deferred	**(5)**	(10)
	2,120	2,095
Mainland China and overseas:		
Charge for the period	**128**	159
Deferred	**-**	(206)
	128	(47)
Total charge for the period	**2,248**	2,048

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5% (2022 — 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% (2022 — 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 period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 1,998,280,000 ordinary shares (2022 — approximately 1,998,280,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

10. INTERIM DIVIDEND

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
Interim dividend, declared — Nil (2022 — HK1 cent per ordinary share)	**-**	19,983

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:

	30 June 2023	31 December 2022
	HK$'000	HK$'000
Outstanding balances with ages:		
Within 30 days	**-**	21

12. EVENTS AFTER THE REPORTING PERIOD

A capital reorganisation (the "Capital Reorganisation") of the Company was effected on 3 July 2023. The Capital Reorganisation involved, inter alia, the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.90 on each of the issued shares such that the par value of each issued share was reduced from HK$1.00 to HK$0.10 and the authorised share capital of the Company was changed to HK$400,000,000 divided into 4,000,000,000 shares of par value of HK$0.10 each. On the same day, the amount of share capital being reduced was transferred to the share premium account and the balance of the share premium account was transferred to the contributed surplus account of the Company. The Capital Reorganisation does not have any material impact on the financial position or performance of the Group.

BUSINESS REVIEW

Overview

The World Health Organisation announced in May 2023 that it no longer considered COVID-19 pandemic (the "Pandemic") to be a global health emergency. However, forces hindered growth in 2022 persisted during the six months ended 30 June 2023 (the "Period"). Inflation remained high. Tight monetary and fiscal policies in response to inflation had raised the cost of borrowing and constrained the economic activity. Mainland China's reopening at the beginning of the Period lifted its economy but the recovery momentum was slow. After a second year of rapid economic recovery from the Pandemic in 2022, economic growth momentum in the Republic of Singapore ("Singapore") had moderated significantly during the Period. However, international tourism has rebounded substantially in Singapore.

Results for the Period

Against this backdrop, the Group recorded a consolidated profit attributable to shareholders of HK$89 million for the Period, as compared to a consolidated profit of HK$297 million for the six months ended 30 June 2022 ("2022"). The change was mainly attributable to the decrease in share of profit of the Group's joint ventures for the Period.

Revenue for the Period amounted to HK$37 million (2022 — HK$37 million). Property investment business contributed to 94% (2022 — 94%) of total revenue for the Period.

The Group's other operating expenses mainly included legal and professional fees and consultancy and service fees. Other operating expenses amounted to HK$10 million for the Period (2022 — HK$10 million).

Property investment

Segment revenue from the property investment business was mainly attributable to recurrent rental income from the Group's investment properties and interest income from the loans to the Group's joint ventures. Segment revenue for the Period amounted to HK$35 million (2022 — HK$34 million). Segment profit before accounting for the share of results from the Group's joint ventures amounted to HK$20 million for the Period (2022 — HK$27 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 and healthcare sectors. As at 30 June 2023, 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 49.4% interest in OUE C-REIT as at 30 June 2023.

The commercial segment of OUE C-REIT's property portfolio remained healthy, with stable or improving occupancies and continued positive rental reversions. While finance costs continued to present headwinds due to high interest rates, the impact on distributions was mitigated by the portfolio's higher revenue and net property income growth, as well as its prudent capital management approach. As at 30 June 2023, the committed occupancy of OUE C-REIT's Singapore office portfolio remained stable at 96.1%. Against the backdrop of improving retailer sentiment due to healthy retail sales and the recovery in visitor arrivals, Mandarin Gallery's committed occupancy (excluding short-term leases) increased quarter-on-quarter to 96.4% in the second quarter of 2023, while its rental reversion continued to be positive. Shopper traffic and tenant sales in the second quarter of 2023 remained stable at 98% and 83% of pre-Pandemic levels, respectively. Meanwhile, the hospitality segment of OUE C-REIT performed above pre-Pandemic levels, driven by higher room rates and supported by the continued recovery of tourism and meetings, incentives, conventions and exhibitions (MICE) sectors in Singapore and the full-opening of Hilton Singapore Orchard. To capture the strong wave of tourists and business travellers anticipated in 2024 and beyond, OUE C-REIT and OUE announced a S$22 million asset enhancement initiative for Crowne Plaza Changi Airport to revitalise the offerings at the landmark asset which has been crowned the World's Best Airport Hotel for eight consecutive years by Skytrax. The enhancements include the addition of 12 guest rooms, an extensive revamp of the all-day dining restaurant to complement the current F&B offerings at Changi Airport and the creation of new and flexible meeting facilities by optimising and repurposing underutilised spaces to enhance value and drive greater returns.

OUE Healthcare Limited ("OUEH", formerly known as OUE Lippo Healthcare Limited, together with its subsidiaries, the "OUEH Group"), a subsidiary of OUE listed on the sponsor-supervised listing platform of the SGX-ST, is a regional healthcare group that is focused on building a regional healthcare ecosystem. OUEH owns, operates and invests in quality healthcare businesses in high-growth markets including operating and managing a respiratory and cardiothoracic specialist group in Singapore and jointly developing and operating two hospitals in the PRC with China Merchants Group, as well as jointly operating and managing Myanmar's leading private hospital group. As at 30 June 2023, the OUE Group owned approximately 70.4% equity interest in OUEH. Since the establishment of a medical partnership with three medical specialist groups (the "Medical Partners") in 2022, the Medical Partners have grown from 11 doctors to 13 doctors comprising 11 respiratory specialists and 2 cardiothoracic surgeons. The Medical Partners will collectively be branded under the "O2 Healthcare" brand name so to strengthen their market recognition and presence. In mainland China, the Changshu China Merchants-Lippo Obstetrics & Gynaecology Hospital (the "Changshu Hospital") was officially commissioned in May 2023. The 100-bed hospital is Changshu's first private Obstetrics and Gynaecology hospital, offering premium medical services in obstetrics, gynaecology, paediatrics and ancillary medical services such as medical aesthetics. It also houses a confinement centre with premium postpartum rehabilitative suites that provides postpartum wellness services. The construction and development of Shenzhen China Merchants-Lippo Prince Bay Hospital (the "Prince Bay Hospital"), with a total capacity of over 200 beds, continue to progress as planned and is on track to be commissioned in 2024. The Prince Bay Hospital is positioned to be a premium general hospital of international standards serving the affluent population in the Greater Bay Area. In April 2023, the OUEH's joint venture entered into an agreement with The Chinese University of Hong Kong for consultancy services for the operation of an international medical centre in the Prince Bay Hospital. Both the Changshu Hospital and the Prince Bay Hospital will be operated by the OUEH Group's joint venture with the China Merchants Group. Myanmar's social-political situation remains volatile. Local businesses had to contend with various challenges which include import curbs, foreign exchange restrictions, further depreciation of Myanmar Kyats leading to rising inflation and frequent power outages. Despite the challenging operating environment, the OUEH Group's joint venture hospital group with First Myanmar Investments, Pun Hlaing Hospitals, has continued to report stable operations, supported by the demand for its healthcare services as an essential social service. The OUEH Group will continue to monitor market conditions closely to navigate the challenging operating environment.

As at 30 June 2023, the OUE Group (including that held through the OUEH Group) had an approximately 44.5% interest in First Real Estate Investment Trust ("First REIT"), which is listed on the Mainboard of the SGX-ST. First REIT is a healthcare real estate investment trust which invests in 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 2023, First REIT has 32 properties comprising 14 in Japan, 15 in Indonesia and 3 in Singapore. All the healthcare and healthcare-related properties continued to deliver sustainable rental growth for the Period. Global economic uncertainties have brought about a challenging business environment, but First REIT has grown in resilience through the early refinancing of debt and the ongoing diversification of its geographical and tenant mix, in line with its growth strategy of diversifying into developed markets to comprise more than 50% of its portfolio by the year 2027 and reshaping its portfolio for capital efficient growth through the divestment of non-core or mature assets.

In July 2023, a wholly-owned subsidiary of OUEH (the "Offeror") has announced that it will make a conditional exit offer at S$0.048 per offer share in cash, to acquire all the issued ordinary shares in Healthway Medical Corporation Limited ("Healthway"), other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (the "Exit Offer"), in connection with the proposed voluntary delisting of Healthway from the Official List of the SGX-ST. As set out in the joint announcement released by OUEH and Healthway on 3 July 2023 (the "Joint Announcement") in relation to the proposed voluntary delisting and the Exit Offer, this marks a milestone step for OUEH in building a regional healthcare ecosystem, anchored on Singapore's high standards of medical excellence. As was also mentioned in the Joint Announcement, the Exit Offer presents a unique opportunity for OUEH to tap into the growing Singapore healthcare market, including the Healthier SG Initiative announced by the Singapore government, where the nation is moving towards a patient-centred preventive healthcare model following the Pandemic, and the national shift towards preventive care from reactive care will also drive healthcare innovations that will translate into new business opportunities for private healthcare players.

The Group recorded a share of profit of joint ventures of HK$93 million from its investment in LAAPL for the Period (2022 — HK$271 million). The change was mainly attributable to lower profit contribution from the joint venture's equity-accounted investees, higher finance expenses and less fair value gain from the investments designated at fair value through profit or loss held by the joint ventures. 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 Period, the Group's total interests in LAAPL as at 30 June 2023 decreased to HK$10.2 billion (31 December 2022 — HK$10.3 billion).

Property development

The sale of the remaining properties at Lippo Plaza in Beijing, the PRC remained stagnant during the Period due to the gloomy local property market. The segment recorded a loss of HK$3 million for the Period (2022 — profit of HK$19 million, which included a HK$22 million translation gain released from exchange equalisation reserve to statement of profit or loss upon dissolution of a joint venture) before accounting for the share of results from the Group's associates.

Treasury and securities investments

The Group managed its investment portfolio and looked for opportunities to enhance yields. Total revenue from treasury and securities investments businesses for the Period amounted to HK$1.8 million (2022 — HK$0.5 million). The Group recorded a net fair value loss of HK$0.1 million in the statement of profit or loss from its securities investments for the Period (2022 — HK$1.4 million). As a result, the treasury and securities investments businesses recorded a net profit of HK$1.7 million for the Period (2022 — loss of HK$0.9 million).

Financial Position

The Group's financial position remained healthy. As at 30 June 2023, its total assets amounted to HK$11.1 billion (31 December 2022 — HK$11.2 billion). Property-related assets amounted to HK$10.9 billion as at 30 June 2023 (31 December 2022 — HK$11.0 billion), representing 98% (31 December 2022 — 98%) of the total assets. Total liabilities as at 30 June 2023 amounted to HK$0.5 billion (31 December 2022 — HK$0.5 billion). Total cash and cash equivalents as at 30 June 2023 amounted to HK$177 million (31 December 2022 — HK$207 million). Current ratio as at 30 June 2023 amounted to 5.4 (31 December 2022 — 5.7).

As at 30 June 2023, the Group's bank loans amounted to HK$464 million (31 December 2022 — HK$456 million). The bank loans were denominated in Hong Kong dollars and carried interest at floating rate. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 30 June 2023, all the bank loans were repayable after two years (31 December 2022 — two years). The gearing ratio (measured as total borrowings to equity attributable to equity holders of the Company) was 4.4% as at 30 June 2023 (31 December 2022 — 4.3%).

The net asset value attributable to equity holders of the Company decreased to HK$10.5 billion as at 30 June 2023 (31 December 2022 — HK$10.7 billion), which was mainly attributable to the share of reduction in reserves of the LAAPL Group offset with net profit for the Period. This was equivalent to HK$5.3 per share (31 December 2022 — HK$5.3 per share).

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

The Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31 December 2022 — Nil).

As at 30 June 2023, the Group had no capital commitment (31 December 2022 — HK$0.4 million). The Group's investments or capital assets will be financed by its internal resources and/or external bank financing, as appropriate.

A capital reorganisation (the "Capital Reorganisation") of the Company was effected on 3 July 2023. The Capital Reorganisation involved, inter alia, the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.90 on each of the issued shares such that the par value of each issued share was reduced from HK$1.00 to HK$0.10 and the authorised share capital of the Company was changed to HK$400,000,000 divided into 4,000,000,000 shares of par value of HK$0.10 each. On the same day, the amount of share capital being reduced was transferred to the share premium account and the balance of the share premium account was transferred to the contributed surplus account of the Company. The Capital Reorganisation does not have any material impact on the financial position or performance of the Group.

Staff and Remuneration

The Group had 40 full-time employees as at 30 June 2023 (30 June 2022 — 39 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Period amounted to HK$12 million (2022 — HK$13 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

Ongoing geopolitical tensions and growing geoeconomic fragmentation continue. Prospects for a robust global economic recovery remain uncertain amid stubborn inflation, rising interest rates and heightened uncertainties. Singapore narrowed its economic growth forecast for 2023 to the range of 0.5% to 1.5%, down from the range of 0.5% to 2.5% expected earlier, amid a weak global economy and sluggish demand among key trade partners like mainland China. A slowdown risks to mainland China's growth outlook are tilted to the downside. Sluggish income growth and excessive leverage among the property developers remain to be addressed. It is expected that the Chinese government will roll out more stimulus policies. The International Monetary Fund recently revised their forecast for global economic growth from an estimated 3.5% in 2022 to 3.0% for 2023 and 2024, reflecting their lack of confidence in a strong economic rebound. Amid the challenging operating environment, the Group and its joint ventures will continue to exercise prudent capital management in their operations.

INTERIM DIVIDEND

The Directors have resolved not to declare the payment of any interim dividend for the six months ended 30 June 2023 (2022 – HK1 cent per share, approximately HK$20 million).

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

During the six months ended 30 June 2023, 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 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 including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2023.

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 six months ended 30 June 2023.

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

Hong Kong, 30 August 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*