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 2023

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 2023 together with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	Note	**2023** HK$'000	2022 HK$'000
Revenue	4	**74,794**	71,773
Cost of sales		**(1,988)**	(1,748)
Gross profit		**72,806**	70,025
Administrative expenses		**(34,429)**	(33,582)
Other operating expenses	6	**(18,855)**	(20,239)
Other gains/(losses) — net	5	**(8,751)**	15,418
Finance costs		**(26,556)**	(11,096)
Share of results of associates		**5,412**	(79,650)
Share of results of joint ventures	7	**169,361**	550,340
Profit before tax	6	**158,988**	491,216
Income tax	8	**(2,830)**	(3,572)
Profit for the year		**156,158**	487,644
Attributable to:			
Equity holders of the Company		**157,119**	488,768
Non-controlling interests		**(961)**	(1,124)
		156,158	487,644
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company	9		
Basic and diluted		**7.9**	24.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	HK$'000	HK$'000
Profit for the year	**156,158**	487,644
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	**1,537**	(17,705)
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	**(78,555)**	(662,884)
Other reserve	**(9,174)**	22,287
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	**(86,192)**	(679,991)
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	**(2)**	(10)
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	**(96,716)**	(421,980)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	**(96,718)**	(421,990)
Other comprehensive loss for the year, net of tax	**(182,910)**	(1,101,981)
Total comprehensive loss for the year	**(26,752)**	(614,337)
Attributable to:		
Equity holders of the Company	**(25,549)**	(611,548)
Non-controlling interests	**(1,203)**	(2,789)
	(26,752)	(614,337)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	**2023** **HK$'000**	2022 HK$'000
Non-current assets			
Fixed assets		**7,984**	12,268
Investment properties		**131,289**	139,395
Right-of-use assets		**263**	529
Interests in associates		**297,534**	287,649
Interests in joint ventures		**10,479,831**	10,474,432
Financial assets at fair value through other comprehensive income		**72**	73
Financial assets at fair value through profit or loss		**2,850**	3,050
		10,919,823	10,917,396
Current assets			
Properties held for sale		**64,266**	65,787
Properties under development		**23,408**	25,081
Debtors, prepayments and other assets	11	**4,143**	4,219
Financial assets at fair value through profit or loss		**226**	311
Tax recoverable		**761**	512
Cash and cash equivalents		**145,457**	207,373
		238,261	303,283
Current liabilities			
Lease liabilities		**269**	265
Other payables, accruals and other liabilities		**21,403**	22,507
Tax payable		**30,401**	30,524
		52,073	53,296
Net current assets		**186,188**	249,987
Total assets less current liabilities		**11,106,011**	11,167,383
Non-current liabilities			
Bank loans		**465,667**	456,111
Lease liabilities		**-**	265
Deferred tax liabilities		**11,352**	13,288
		477,019	469,664
Net assets		**10,628,992**	10,697,719
Equity			
Equity attributable to equity holders of the Company			
Share capital	12	**199,828**	1,998,280
Reserves		**10,412,994**	8,682,066
		10,612,822	10,680,346
Non-controlling interests		**16,170**	17,373
Total equity		**10,628,992**	10,697,719

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. 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 2022, except for the adoption of the following new and revised HKFRSs for the first time for the current year's final results:

HKFRS 17	*Insurance Contracts*
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 the 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(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.

Prior to the initial application of these amendments, the Group has 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. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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 2023

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Other HK$'000	Consolidated HK$'000
Revenue — external	**69,939**	**-**	**3,445**	**-**	**1,410**	**74,794**
Segment results	**27,968**	**(4,699)**	**3,445**	**(322)**	**(1,604)**	**24,788**
Unallocated corporate expenses						**(40,573)**
Share of results of associates	**-**	**5,412**	**-**	**-**	**-**	**5,412**
Share of results of joint ventures	**169,361**	**-**	**-**	**-**	**-**	**169,361**
Profit before tax						**158,988**
Segment assets	**169,860**	**76,589**	**121,477**	**3,148**	**338**	**371,412**
Interests in associates	**7,132**	**290,402**	**-**	**-**	**-**	**297,534**
Interests in joint ventures	**10,479,831**	**-**	**-**	**-**	**-**	**10,479,831**
Unallocated assets						**9,307**
Total assets						**11,158,084**
Segment liabilities	**470,429**	**8,983**	**-**	**-**	**347**	**479,759**
Unallocated liabilities						**49,333**
Total liabilities						**529,092**
Other segment information:						
Capital expenditure *(Note)*	**130**	**520**	**-**	**-**	**11**	**661**
Depreciation	**(210)**	**(28)**	**-**	**-**	**(278)**	**(516)**
Interest income	**62,482**	**-**	**3,445**	**-**	**-**	**65,927**
Finance costs	**(26,541)**	**-**	**-**	**-**	**(15)**	**(26,556)**
Loss on disposal of fixed assets	**-**	**(9)**	**-**	**-**	**-**	**(9)**
Provisions for impairment losses on:						
Properties held for sale	**(783)**	**-**	**-**	**-**	**-**	**(783)**
Properties under development	**-**	**(110)**	**-**	**-**	**-**	**(110)**
Net fair value loss on financial instruments at fair value through profit or loss	**-**	**-**	**-**	**(283)**	**-**	**(283)**
Fair value loss on investment properties	**(7,639)**	**-**	**-**	**-**	**-**	**(7,639)**
Unallocated:						
Capital expenditure *(Note)*						**1,095**
Depreciation						**(5,861)**

Year ended 31 December 2022

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Other HK$'000	Consolidated HK$'000
Revenue — external	68,611	-	634	489	2,039	71,773
Segment results	46,954	16,771	634	(1,114)	(2,168)	61,077
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
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
Other segment information:						
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)
Fair value loss on investment properties	(4,862)	-	-	-	-	(4,862)
Unallocated:						
Capital expenditure *(Note)*						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)

Note: Capital expenditure includes additions to fixed assets.

Geographical information

(a) Revenue from external customers

	2023	2022
	HK$'000	HK$'000
Hong Kong	**2,847**	211
Mainland China	**4,552**	4,995
Republic of Singapore	**54,529**	53,956
Indonesia	**9,764**	9,522
Other	**3,102**	3,089
	74,794	71,773

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

(b) Non-current assets

	2023	2022
	HK$'000	HK$'000
Hong Kong	**50**	87
Mainland China	**58,190**	66,146
Republic of Singapore	**10,639,948**	10,637,124
Indonesia	**154,670**	146,791
Other	**64,043**	64,125
	10,916,901	10,914,273

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 2023, revenue of approximately HK$52,625,000 (2022 — HK$51,271,000) and HK$9,764,000 (2022 — HK$9,522,000) was derived from interest income from two major customers in the property investment segment.

4. REVENUE

An analysis of revenue is as follows:

	2023	2022
	HK$'000	HK$'000
Revenue from contracts with customers:		
Provision of project management services	**1,408**	1,827
Revenue from other sources:		
Property rental income from operating leases	**7,457**	7,777
Interest income	**65,927**	61,660
Dividend income	**-**	489
Other	**2**	20
	73,386	69,946
	74,794	71,773

Revenue from contracts with customers

Disaggregated revenue information

	2023	2022
	HK$'000	HK$'000
Other segment:		
Types of goods or services:		
Provision of project management services	**1,408**	1,827
Geographical market:		
Republic of Singapore	**1,408**	1,827
Timing of revenue recognition:		
Services transferred over time	**1,408**	1,827

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

	2023	2022
	HK$'000	HK$'000
Other segment:		
Revenue from contracts with external customers	**1,408**	1,827
Revenue from other sources — external	**2**	212
Total segment revenue	**1,410**	2,039

5. OTHER GAINS/(LOSSES) — NET

	2023	2022
	HK$'000	HK$'000
Net fair value 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	**(85)**	(1,469)
Debt securities	**(200)**	(50)
Investment funds	**2**	(3)
	(283)	(1,522)
Loss on disposal of fixed assets	**(9)**	(1)
Fair value loss on investment properties	**(7,639)**	(4,862)
Write-back of provisions/(Provisions) for impairment losses on:		
Properties held for sale	**(783)**	1,018
Properties under development	**(110)**	(118)
Foreign exchange gains/(losses) — net	**73**	(786)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	**-**	21,689
	(8,751)	15,418

6. PROFIT BEFORE TAX

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

	2023	2022
	HK$'000	HK$'000
Interest income:		
Loans and advances	**62,482**	61,026
Other	**3,445**	634
Depreciation of fixed assets	**(6,107)**	(5,669)
Depreciation of right-of-use assets	**(270)**	(246)
Legal and professional fees#	**(1,924)**	(3,242)
Consultancy and service fees#	**(5,456)**	(5,805)

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 2023 mainly included share of profit of Lippo ASM Asia Property Limited ("LAAPL", together with its subsidiaries, the "LAAPL Group") of HK$173,993,000 (2022 — HK$554,277,000). The decrease was mainly attributable to lower profit contribution from its equity-accounted investees.

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

	2023 **HK$'000**	2022 HK$'000
Hong Kong:		
Charge for the year	**4,436**	4,807
Overprovision in prior years	**(3)**	(20)
Deferred	**(6)**	(12)
	4,427	4,775
Mainland China and overseas:		
Charge for the year	**289**	279
Deferred	**(1,886)**	(1,482)
	(1,597)	(1,203)
Total charge for the year	**2,830**	3,572

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 year 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 year 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 year.

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

10. DIVIDENDS

	2023 HK$'000	2022 HK$'000
Interim dividend, declared — Nil (2022 — HK1 cent per ordinary share)	-	19,983
Final dividend, proposed — HK1 cent per ordinary share (2022 — Nil)	**19,983**	-
	19,983	19,983

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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:

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

12. SHARE CAPITAL

	Number of ordinary shares	HK$'000
Authorised:		
At 1 January 2022, 31 December 2022 and 1 January 2023		
4,000,000,000 ordinary shares of HK$1.00 each	**4,000,000,000**	**4,000,000**
Capital Reorganisation *(Note)*	**-**	**(3,600,000)**
At 31 December 2023		
4,000,000,000 ordinary shares of HK$0.10 each	**4,000,000,000**	**400,000**
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 1 January 2023		
1,998,280,097 ordinary shares of HK$1.00 each	**1,998,280,097**	**1,998,280**
Capital Reorganisation *(Note)*	**-**	**(1,798,452)**
At 31 December 2023		
1,998,280,097 ordinary shares of HK$0.10 each	**1,998,280,097**	**199,828**

Note: A capital reorganisation (the "Capital Reorganisation") of the Company took effect 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 of HK$1,798,452,000 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.

BUSINESS REVIEW

Overview

With the COVID-19 pandemic (the "Pandemic") health crisis over, the global economy gradually recovered from the Pandemic in 2023 but growth remained sluggish. Forces hindered growth such as high interest rates, tight monetary and fiscal policies and geopolitical tensions persisted during the year ended 31 December 2023 (the "Year"). The Singapore economy expanded by 1.1% in 2023 which was lower than the 3.8% expansion in 2022. Following the removal of the Pandemic's restrictions and the opening of its borders, the economy of mainland China recorded a significant rebound in the first quarter of the Year. However, mainland China's economy was affected by the weak property market and consumption growth during the Year.

Results for the Year

Against this backdrop, the Group recorded a consolidated profit attributable to shareholders of HK$157 million for the Year, as compared to a consolidated profit of HK$489 million for the year ended 31 December 2022 ("2022"). The drop was mainly attributable to the decrease in share of profit of the Group's joint ventures for the Year.

Revenue for the Year amounted to HK$75 million (2022 — HK$72 million). Property investment business contributed to 94% (2022 — 96%) 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$19 million for the Year (2022 — HK$20 million). Finance costs increased to HK$27 million (2022 — HK$11 million), which was largely driven by higher interest rates during the Year.

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 Year amounted to HK$70 million (2022 — HK$69 million). The Group's property investment portfolio mainly comprises properties in mainland China, Singapore and the United States of America. The Group recorded a fair value loss on investment properties of HK$8 million for the Year (2022 — HK$5 million) as the property market in mainland China remains challenging. Coupled with the impact of higher finance costs, segment profit before accounting for the share of results from the Group's joint ventures decreased to HK$28 million for the Year (2022 — HK$47 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 real estate and healthcare group, growing strategically to capitalise on growth trends across Asia. OUE's real estate activities include the development, investment and management of real estate assets across the commercial, hospitality, retail and residential sectors. As at 31 December 2023, the LAAPL Group had an equity interest of approximately 73.36% in OUE.

To better reflect its current focus on growth opportunities in the hospitality, office and retail sectors, and its commitment to providing resilient and sustainable return through portfolio diversification, OUE Commercial Real Estate Investment Trust was rebranded to OUE Real Estate Investment Trust ("OUE REIT") in January 2024. OUE REIT, a subsidiary of OUE, is one of Singapore's largest diversified REITs listed on the SGX-ST. The property portfolio of OUE 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 49.52% interest in OUE REIT as at 31 December 2023.

OUE REIT achieved a strong operational performance in its Singapore portfolio for the Year which was mainly driven by the full inventory of 1,080 rooms of Hilton Singapore Orchard from January 2023. In December 2023, OUE REIT completed the S$22 million asset enhancement initiative for Crowne Plaza Changi Airport which now operates a full inventory of 575 rooms and is well-positioned to capture the increase in tourists and business travellers in 2024 and beyond. With effect from 9 February 2024, Chinese citizens are exempted from visa requirements to enter Singapore for stays of up to 30 days, further supporting higher tourist arrivals into Singapore. OUE REIT recorded stable occupancies and rental growth in its Singapore commercial properties. Committed occupancy in its Singapore office portfolio remained healthy at 95.2% as at 31 December 2023. Mandarin Gallery's committed occupancy (excluding short-term leases) remained high at 96.6%. Including short-term leases, the committed occupancy was 97.6% with a positive rental reversion of 29.8% in the fourth quarter of 2023, backed by positive retailer sentiment.

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 (the "Catalist Board") of the SGX-ST, is a regional healthcare group that operates and owns high-quality healthcare assets in high-growth Asian markets. As at 31 December 2023, the OUE Group owned approximately 70.36% equity interest in OUEH.

In October 2023, a wholly-owned subsidiary of OUEH completed the exit offer for Healthway Medical Corporation Limited ("Healthway", together with its subsidiaries, the "Healthway Group", previously listed on the Catalist Board) and acquired 26.24% interest in Healthway. This enables the OUEH Group to significantly expand its healthcare network to over 130 clinics held by Healthway, mainly in Singapore, encompassing a comprehensive array of healthcare services covering primary, secondary and ancillary care. The addition of Healthway further strengthens the OUEH Group's regional network and Singapore's businesses, which also comprises O2 Healthcare Group, a team of trained lung specialists with expertise in cardiac surgery, thoracic surgery, pulmonary medicine and intensive care. O2 Healthcare Group currently consists of three respiratory and cardiothoracic specialist groups with 11 physicians and two cardiothoracic surgeons in Singapore. The enlarged OUEH Group, with the addition of the Healthway Group, will be well-positioned to provide a comprehensive spectrum of healthcare services to the region, anchored on Singapore's high standard of medical excellence. In mainland China, the Changshu China Merchants-Lippo Obstetrics & Gynaecology Hospital (the "Changshu Hospital"), with a total capacity of 100 beds, was officially commissioned in May 2023. The Changshu Hospital provides premium obstetrics, gynaecology, paediatric and other related medical services to patients in Changshu, Suzhou and the Yangtze River Delta region. The Shenzhen China Merchants-Lippo Prince Bay Hospital (the "Prince Bay Hospital") is on course to be commissioned in the second half of 2024. It is positioned as a premium general hospital providing services of international standards to meet the discerning demands of the affluent population in the Greater Bay Area. Both the Changshu Hospital and the Prince Bay Hospital are the OUEH Group's joint venture with the China Merchants Group.

As at 31 December 2023, the OUE Group (including that held through the OUEH Group) had an approximately 44.71% 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 focused on investing in income-producing real estate projects which are primarily used for healthcare and/or healthcare-related purposes. As at 31 December 2023, First REIT has 32 properties comprising 14 nursing homes in Japan, 11 hospitals, two integrated hospitals and malls, an integrated hospital and hotel and a hotel and country club in Indonesia and three nursing homes in Singapore. The population in Japan and Singapore is aging rapidly. In Indonesia, a lack of access to healthcare has resulted in approximately two million Indonesians seeking healthcare services abroad every year. The Indonesian government has been pushing for health system reform to improve healthcare facilities and hospitality which may ramp up public-private partnership initiatives. Healthcare real estate continues to be a resilient asset class with robust demand fundamentals.

The Group recorded a share of profit of joint ventures of HK$174 million from its investment in LAAPL for the Year (2022 — HK$554 million). The decrease was mainly attributable to lower profit contribution from the joint venture's equity-accounted investees. 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 2023 amounted to HK$10.3 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 Year due to the sustained downturn in the local property market. The segment recorded a loss of HK$5 million for the Year (2022 — a profit of HK$17 million, which included a HK$22 million translation gain released from exchange equalisation reserve upon dissolution of a foreign operation) before accounting for the share of results from the Group's associates.

Treasury and securities investments

The Group cautiously manages the mix of its investment portfolio and looks for opportunities to enhance yields. Total revenue from treasury and securities investments businesses for the Year amounted to HK$3 million (2022 — HK$1 million), which mainly came from interest income from the treasury investment portfolio. The Group recorded a net fair value loss of HK$0.3 million in the statement of profit or loss from its securities investments for the Year (2022 — HK$2 million). As a result, the treasury and securities investments businesses recorded a profit of HK$3 million for the Year (2022 — loss of HK$0.5 million).

Financial Position

A capital reorganisation (the "Capital Reorganisation") of the Company took effect on 3 July 2023, pursuant to which, inter alia, the issued share capital of the Company was reduced by approximately HK$1.8 billion with such reduction of issued share capital together with the share premium balance transferred to the contributed surplus account of the Company. Details of the Capital Reorganisation is stated in Note 12 to the final results. The Capital Reorganisation provides the Company with greater flexibility to raise capital and does not have any material impact on the financial position or performance of the Group.

The Group's financial position remained healthy. As at 31 December 2023, its total assets amounted to HK$11.2 billion (31 December 2022 — HK$11.2 billion). Property-related assets amounted to HK$11.0 billion as at 31 December 2023 (31 December 2022 — HK$11.0 billion), representing 99% (31 December 2022 — 98%) of total assets. Total liabilities as at 31 December 2023 amounted to HK$0.5 billion (31 December 2022 — HK$0.5 billion). Total cash and cash equivalents as at 31 December 2023 amounted to HK$0.1 billion (31 December 2022 — HK$0.2 billion). Current ratio as at 31 December 2023 amounted to 4.6 (31 December 2022 — 5.7).

As at 31 December 2023, the Group's bank loans amounted to HK$466 million (31 December 2022 — HK$456 million). All bank loans were non-current liabilities, 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. The gearing ratio (measured as total borrowings to equity attributable to equity holders of the Company) was 4.4% as at 31 December 2023 (31 December 2022 — 4.3%).

The net asset value attributable to equity holders of the Company amounted to HK$10.6 billion as at 31 December 2023 (31 December 2022 — HK$10.7 billion). 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 Year (31 December 2022 — Nil).

As at 31 December 2023, the Group's 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.

Staff and Remuneration

The Group had 27 full-time employees as at 31 December 2023 (31 December 2022 — 41 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Year amounted to HK$23 million (2022 — HK$22 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 conflicts in Ukraine and the Middle East may continue to affect the global trade and investment. The Israel Hamas conflict has sharply heightened geopolitical risks. The disruption to key shipping routes caused by attacks on vessels in the Red Sea may affect the supply chains and increase production costs which in return, may increase the inflation pressures. The Ministry of Trade and Industry in Singapore has maintained the GDP growth forecast for Singapore for 2024 to 1.0% to 3.0%. It is expected that the recovery in the tourism in Singapore will continue in 2024. Mainland China continues to be affected by sluggish domestic consumption and export growth as well as weak property market conditions. Escalating geopolitical fragmentation, tighter credit availability and weaker business investment may affect the economic growth in 2024. Amid the challenging operating environment, the Group and its joint ventures will cautiously manage their businesses and monitor their assets and investment portfolios and will continue to exercise prudent capital management.

DIVIDENDS

The Directors have resolved to recommend to shareholders at the forthcoming Annual General Meeting to be held on Thursday, 6 June 2024 (the "2024 AGM") the payment of a final dividend of HK1 cent per share (2022 – Nil) amounting to approximately HK$20 million for the year ended 31 December 2023 (2022 – Nil). No interim dividend was declared (2022 – HK1 cent per share). Total dividends for the year ended 31 December 2023 will be HK1 cent per share (2022 – HK1 cent per share) amounting to approximately HK$20 million (2022 – approximately HK$20 million). Subject to the approval of shareholders at the 2024 AGM, the final dividend will be paid on or about Monday, 24 June 2024 to shareholders whose names appear on the Register of Members on Monday, 17 June 2024.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed during the following periods:

(i) from Monday, 3 June 2024 to Thursday, 6 June 2024 (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 2024 AGM. In order to be entitled to attend and vote at the 2024 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 Friday, 31 May 2024; and

(ii) from Thursday, 13 June 2024 to Monday, 17 June 2024 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, 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 Wednesday, 12 June 2024.

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

During the year ended 31 December 2023, 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 C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2023.

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 2023.

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 2023 (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, 27 March 2024

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*