Lippo China Resources Limited
力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 156)

2023
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Dr. Stephen Riady *(Chairman)*
Mr. John Luen Wai Lee, BBS, JP
(Chief Executive Officer)
Mr. James Siu Lung Lee
Mr. Brian Riady

Non-executive Director
Mr. Leon Nim Leung Chan

Independent non-executive Directors
Mr. Edwin Neo
Mr. Victor Ha Kuk Yung
Ms. Min Yen Goh

COMMITTEES

Audit Committee
Mr. Victor Ha Kuk Yung *(Chairman)*
Mr. Leon Nim Leung Chan
Mr. Edwin Neo

Remuneration Committee
Mr. Edwin Neo *(Chairman)*
Mr. Leon Nim Leung Chan
Mr. Victor Ha Kuk Yung
Ms. Min Yen Goh
Dr. Stephen Riady

Nomination Committee
Mr. Edwin Neo *(Chairman)*
Mr. Leon Nim Leung Chan
Mr. Victor Ha Kuk Yung
Ms. Min Yen Goh
Dr. Stephen Riady

SECRETARY
Ms. Millie Yuen Fun Luk

AUDITOR
Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS
Fubon Bank (Hong Kong) Limited
China CITIC Bank International Limited
UBS AG
CIMB Bank Berhad

SOLICITORS
Howse Williams

REGISTRAR
Tricor Tengis Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE
40th Floor, Tower Two
Lippo Centre
89 Queensway
Hong Kong

STOCK CODE
156

WEBSITE
www.lcr.com.hk

Chairman's Statement

I hereby present the annual report of the Company (together with its subsidiaries, the "Group") for the year ended 31 December 2023 (the "Year").

2023 continued to be a challenging year although the COVID-19 pandemic ("Pandemic") subsided during the Year. The continued increase in interest rates, escalating geopolitical tensions and the growing trend of deglobalisation and trade protectionism had affected the recovery in the global economy in 2023. Hong Kong's economy grew at slower-than-expected pace in 2023 as its growth was dragged by higher interest rates and slowdown in the economy in mainland China which was weighed down by the weak property market and consumption growth. Singapore's GDP growth in 2023 was slower than the 3.8% expansion in 2022. Under such challenging environment, the Group recorded a consolidated loss attributable to shareholders of HK$146 million for the Year, as compared to a consolidated loss of HK$278 million for the year ended 31 December 2022 ("2022").

The food businesses of the Group performed better after the relief from the Pandemic restrictive measures. However, the growth was hindered by the intense competition, manpower shortages, higher operating costs and slower-than-expected economic recovery. Despite the challenging operating environment, the Group had opened three new food outlets in Hong Kong during the Year. The Group continues to innovate and reinvent its offerings to meet its customers' evolving preferences.

With over three decades of experience in Singapore's healthcare sector, Healthway Medical Corporation Limited ("Healthway"), an associate of the Company, is a highly regarded medical group. During the Year, Healthway continued to expand its clinic network. Its network includes more than 130 clinics and medical centres, mainly in Singapore, offering a wide range of services such as primary, secondary and ancillary care services, encompassing general practitioners, family medicine clinics, health screenings, specialists, dental services and allied healthcare services. In October 2023, OUE Healthcare Limited ("OUEH"), a company listed on the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (the "SGX"), successfully completed the exit offer for Healthway and Healthway was voluntarily delisted from the SGX in November 2023. OUEH is a regional healthcare group that operates and owns high-quality healthcare assets in high-growth Asian markets. This strategic transaction allow OUEH and Healthway to capitalise on potential synergies and driving cost efficiencies through streamlined operations and economies of scale.

The global stock markets were bumpy in 2023. Overseas stock markets such as the U.S. and Europe performed well especially in the last quarter of 2023. Driven by the good return from the overseas stock markets, the Group recorded a net fair value gain of HK$20 million in the statement of profit or loss from its securities investments for the Year, as compared to a loss of HK$105 million in 2022.

Downside risks in the global economy remain significant. Elevated trade tensions between the U.S. and mainland China, the ongoing Russia-Ukraine war and conflict in the Middle East all point to continued uncertainties and risks heading into 2024. Amid such challenging environment, the Group and its associates will enhance the stability and resilience of their businesses and investment portfolios to optimise returns to their stakeholders. The Group will also cultivate a culture of sustainability which aims at minimising its environmental footprint.

I would like to extend my heartfelt appreciation to our shareholders, fellow directors, management and all staff for their contributions and continued support during the Year.

Stephen Riady
Chairman
27 March 2024

Report of the Directors

The Directors hereby present their report together with the audited financial statements for the year ended 31 December 2023 (the "Year").

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. 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. The global stock markets were volatile with the Hong Kong market underperformed the major US and European markets in 2023.

Results for the Year

Against this backdrop, the Group recorded a consolidated loss attributable to shareholders of HK$146 million for the Year, as compared to a consolidated loss of HK$278 million for the year ended 31 December 2022 ("2022"). The decrease in loss was mainly attributable to the improvement in the performance of the Group's food businesses and the net fair value gain on financial instruments at fair value through profit or loss of the Group during the Year while a net fair value loss was recorded in 2022.

Revenue for the Year increased to HK$739 million (2022 — HK$607 million), of which 61% (2022 — 64%) and 35% (2022 — 32%) were generated from Singapore and Hong Kong, respectively. Food businesses remain the principal sources of revenue of the Group. Revenue in Hong Kong and Singapore continues to show improvement post-Pandemic and food businesses registered 23% increase in revenue, contributing to 93% (2022 — 92%) of total revenue for the Year.

The Group's other operating expenses mainly included selling and distribution expenses and utilities charges for food businesses, legal and professional fees, and consultancy and service fees. Other operating expenses amounted to HK$146 million for the Year (2022 — HK$138 million). Finance costs increased to HK$52 million (2022 — HK$40 million), which was largely driven by higher interest rates during the Year.

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Food businesses

The Group's food businesses segment recorded a revenue of HK$687 million for the Year (2022 — HK$560 million), mainly from food retail operations in chains of cafés and bistros and food manufacturing which revenue increased by 24% and 22%, respectively. The Group is currently operating restaurants under the brands such as "Chatterbox Café", "Chatterbox Express", "Délifrance", "alfafa" and "Lippo Chiuchow Restaurant". A new concept store "Délifrance Bistro" and two new Chatterbox Cafés were opened in Hong Kong during the Year. Benefiting from the lifting of the dine-in restrictions and social gatherings in late 2022 and the opening of new outlets, the revenue of the food retail business in Hong Kong greatly increased by 34% during the Year. The performance of the Group's food manufacturing business in Singapore and Malaysia also improved during the Year mainly due to enhanced operational cost management and higher sales revenue. However, the operating environment of the food businesses of the Group as a whole remained challenging as such businesses continued to suffer from intense competition, manpower shortages, higher operating costs and slower-than-expected economic recovery. As a result, the segment incurred a loss of HK$55 million for the Year (2022 — HK$111 million).

Property investment

Segment revenue was mainly attributable to recurrent rental income from the Group's investment properties. The total segment revenue for the Year amounted to HK$23 million (2022 — HK$21 million).

The Group's property investment portfolio mainly comprises commercial properties in Hong Kong and mainland China. The property market sentiments in these regions continued to be sluggish. The Group recorded a net fair value loss on investment properties of HK$26 million for the Year (2022 — HK$22 million). As a result, the property investment segment recorded a loss of HK$25 million for the Year (2022 — HK$23 million).

Treasury and securities investments

The Group managed its investment portfolio in accordance with its investment committee's terms of reference and looked for opportunities to enhance yields. The Group invested in a diversified portfolio mainly including listed and unlisted equity securities, debt securities and investment funds. Treasury and securities investments businesses recorded a total revenue of HK$18 million during the Year (2022 — HK$15 million). Driven by the good return from the overseas stock markets, the Group recorded a net fair value gain of HK$20 million in the statement of profit or loss from its securities investments for the Year as compared with a loss of HK$105 million in 2022 under this segment. As a result, the treasury and securities investments businesses recorded a profit of HK$32 million in the statement of profit or loss for the Year (2022 — loss of HK$97 million).

The Group cautiously manages the mix of its investment portfolio. As at 31 December 2023, the treasury and securities investment portfolio of HK$1,057 million (31 December 2022 — HK$1,370 million) comprised mainly cash and bank balances of HK$243 million (31 December 2022 — HK$505 million), financial assets at fair value through profit or loss ("FVPL") of HK$749 million (31 December 2022 — HK$785 million) and financial assets at fair value through other comprehensive income ("FVOCI") of HK$49 million (31 December 2022 — HK$73 million). Further details of securities investments under different categories are as follows:

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments *(continued)*

Financial assets at fair value through profit or loss

As of 31 December 2023, the Group's financial assets at FVPL amounted to HK$749 million (31 December 2022 — HK$785 million), comprising equity securities of HK$279 million (31 December 2022 — HK$235 million), debt securities of HK$38 million (31 December 2022 — HK$41 million) and investment funds of HK$432 million (31 December 2022 — HK$509 million).

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

	As at 31 December 2023			As at 31 December 2022	Year ended 31 December 2023
	Fair value HK$'000	Approximate percentage of financial assets at FVPL	Approximate percentage to the total assets	Fair value HK$'000	Net fair value gain HK$'000
GSH Corporation Limited ("GSH")	77,753	10.4%	2.0%	72,918	4,835
Amasia CIV T, L.P. ("Amasia")	56,150	7.5%	1.4%	56,111	39
Quantedge Global Fund ("Quantedge")	42,086	5.6%	1.1%	49,860	10,742
Others *(Note)*	573,281	76.5%	14.3%	605,736	5,655
Total	749,270	100.0%	18.8%	784,625	21,271

Note: Others comprised of various securities, none of which accounted for more than 5% of financial assets at FVPL as at 31 December 2023.

GSH

As at 31 December 2023, the fair value of the Group's equity securities in GSH amounted to HK$78 million, representing approximately 10.4% and 2.0% of the Group's total financial assets at FVPL and total assets, respectively. An unrealised fair value gain of HK$5 million was recognised by the Group for the Year. The Group also invested in the listed convertible bonds issued by GSH. As at 31 December 2023, the fair value of the Group's debt securities in GSH amounted to HK$19 million, representing approximately 2.5% and 0.5% of the Group's total financial assets at FVPL and total assets, respectively.

GSH, having its shares listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), is a property developer in Asia with properties under development in Malaysia and mainland China. The first phase of its residential project in mainland China has been completed and sold units were handed over to the buyers in 2023. It also owns and operates the Sutera Harbour Resort in Kota Kinabalu, comprising two five-star hotels, a 104-berth marina and a 27-hole championship golf course, and the idyllic Sutera@Mantanani Resort in Sabah. GSH's hospitality business continues to show improvement due to the tourism recovery in Malaysia. Since the reopening of travel between Malaysia and mainland China, there has been an increase in interest from buyers from mainland China for GSH's Malaysian properties. In addition, the easing of requirements for the Malaysia My Second Home programme is expected to provide further upside for the GSH's property business in Malaysia. However, the real estate market in mainland China remains challenging.

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments *(continued)*

Financial assets at fair value through profit or loss (continued)

Amasia

Amasia is a single portfolio fund which invested in Dialpad, Inc. ("Dialpad"). Dialpad offers a suite of business communications software, including its namesake Dialpad product, a "PBX in the cloud", as well as Dialpad Meetings, a lightweight conference calling solution. Dialpad will adopt a focused sales strategy in 2024, centered around its Ai Contact Center and sales products. The Group invested US$2 million into Amasia in 2015 for long-term capital gain. As at 31 December 2023, the fair value of the Group's investment in Amasia maintained at HK$56 million, representing approximately 7.5% and 1.4% of the Group's total financial assets at FVPL and total assets, respectively.

Quantedge

Quantedge is an unlisted investment fund which aims to achieve absolute long-term capital growth by investing in multiple asset classes across the globe. The performance of Quantedge is satisfactory. Cumulated fair value gain has been recognised by the Group in prior years and fair value gain of HK$11 million was recorded by the Group for the Year. In line with the objective of the Group to manage its investment portfolio by adopting a proactive but prudent approach, partial redemption of investment in Quantedge has been made since 2022 to realise the cumulated fair value gain and to re-allocate the proceeds for general working capital. During the Year, the Group partially redeemed HK$19 million of the investment. As a result, the fair value of the Group's investment in Quantedge decreased to HK$42 million as at 31 December 2023, representing approximately 5.6% and 1.1% of the Group's total financial assets at FVPL and total assets, respectively.

Financial assets at fair value through other comprehensive income

In addition to the above investments under financial assets at FVPL, the Group also invested in equity securities which are held for long-term strategic purposes and recorded them under financial assets at FVOCI. As at 31 December 2023, the fair value of such investments amounted to HK$49 million (31 December 2022 — HK$73 million). The decrease of financial assets at FVOCI during the Year was mainly due to the fair value loss recorded in other comprehensive income of HK$41 million offset with acquisition of a listed equity investment of HK$17 million during the Year.

GenieBiome Holdings Limited ("GB") is one of the major investments in this category. As at 31 December 2023, the fair value of the Group's investment in GB amounted to HK$18 million, representing approximately 36.0% and 0.4% of the Group's total financial assets at FVOCI and total assets, respectively. In 2021, the Group made an investment in GB, a biotech company established by a team of internationally renowned university professors of medicine and clinician-scientists in Hong Kong. GB has pioneered the use of microbiome with evidence-based science to tackle a myriad of diseases, revolutionising the prevention, diagnosis and treatment of disease. Its portfolio includes diagnostic and risk prediction tests, next-generation microbiome precision formula and precision medicine tailored for the Asian population. GB has a pipeline of new products to be launched in market as well as continuing its research and development on microbiome. The performance of GB is satisfactory and dividend income was received during the Year. The Group recorded an unrealised fair value loss of HK$1 million through other comprehensive income for the Year.

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Healthcare services

The Group's healthcare services business is mainly carried out through its investments in Healthway Medical Corporation Limited ("Healthway", together with its subsidiaries, the "Healthway Group"), a 40.8% owned associate of the Company. Healthway has a wide network of over 130 clinics and medical centres, mainly in Singapore, offering comprehensive services including general practitioner and family medicine clinics, health screening, adult specialists, baby and child specialists, dental services and allied healthcare services.

The Healthway Group posted stronger revenue for the Year. The revenue growth was contributed by an increase in revenue from the specialist healthcare segment, offset by the decrease in revenue from primary healthcare segment. As Singapore enters into an endemic COVID-19 new norm, revenue contribution from COVID-19 projects tapered off. However, such impact was mitigated by an increase in patient volume in the primary healthcare segment and the contribution from the acquisition of general practice clinics during the Year. As a result of higher operating costs following the change in revenue mix, the Group recognised a share of profit of HK$8 million (2022 — HK$29 million) from Healthway for the Year. As at 31 December 2023, the Group's interest in Healthway amounted to HK$489 million (31 December 2022 — HK$474 million).

The Healthway Group is an active participant of Healthier SG focusing on preventive health, with 65 clinics in its network already enrolled in Healthier SG. This is in line with the Healthway Group's steadfast commitment to empower individuals to take charge of their health through preventive care, by enrolling with a family doctor to support them in their healthcare needs throughout their lives. Apart from encouraging both its patients and clinics to embark on the Healthier SG journey, the Healthway Group has continued to grow its primary care clinic network. During the Year, the Healthway Group set up a total of seven greenfield clinics and acquired six clinics. Since the lifting of all border restrictions in February 2023, Singapore has continued to experience an influx of foreign patients seeking medical treatment. The Healthway Group has been well-prepared to cater to this surging demand as bolstering its specialist healthcare segment has been a priority over the past few years. A prime example of its commitment in this area is the acquisition of UROHEALTH Pte Ltd., one of the largest private urology practices in Singapore.

In October 2023, a wholly-owned subsidiary of OUE Healthcare Limited ("OUEH", together with its subsidiaries, the "OUEH Group") completed the exit offer for all the issued ordinary shares in Healthway, other than those already owned, controlled or agreed to be acquired by the OUEH Group and parties acting in concert with it, and acquired 26.2% interest in Healthway. Healthway was delisted from the sponsor-supervised listing platform (the "Catalist Board") of the SGX-ST with effect from 8 November 2023. OUEH, a subsidiary of OUE Limited ("OUE") listed on 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. OUE is a joint venture of Hongkong Chinese Limited, a subsidiary of Lippo Limited which in turn is the holding company of the Company. Accordingly, the exit offer did not extend to the Group. The potential synergies between the Healthway Group and the OUEH Group will provide cost-saving opportunities through streamlining of operations and economies of scale.

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Other business

The Group recorded a share of loss of HK$10 million from its investment in TIH Limited ("TIH", together with its subsidiaries, the "TIH Group"), a 39.9% owned associate of the Company and listed on the Mainboard of the SGX-ST, for the Year (2022 — a profit of HK$10 million). Such loss was mainly attributable to fair value loss on its investments at fair value through profit or loss and operating expenses. The Group's interests in TIH as at 31 December 2023 amounted to HK$286 million (31 December 2022 — HK$298 million).

The TIH Group currently has two business segments, that is, investment business and fund management. The TIH Group's income is mostly derived from the realisation and/or revaluation of its investments and fee income. Despite market volatility, the TIH Group continues to achieve consistent growth in its recurring income derived from its fund management business. Private equity deals in Southeast Asia have slowed significantly post-Pandemic due to a challenging business environment characterised by rising interest rates, persistent global inflationary pressures and ongoing geopolitical tensions. While deal values have not yet recovered from pre-Pandemic highs, they have picked up towards the end of 2023 and are expected to continue seeing a sustained increase. Southeast Asia continues to remain an attractive investment destination for private equity firms, and sectors exposed to the rising middle class and global megatrends such as healthcare, clean energy, digital and physical infrastructure should continue to drive deal flow. In the face of prolonged higher interest rates impacting business sentiments, companies may shift focus towards operational efficiencies and divest non-core businesses, presenting opportunities. The TIH Group will stay vigilant, actively seeking opportunities in special situations, corporate deleveraging and non-core secondary assets at attractive valuations.

Financial Position

The Group's financial position remained healthy. As at 31 December 2023, its total assets amounted to HK$4.0 billion (31 December 2022 — HK$4.4 billion). Total liabilities amounted to HK$1.2 billion (31 December 2022 — HK$1.4 billion). As at 31 December 2023, total cash and cash equivalents amounted to HK$0.3 billion (31 December 2022 — HK$0.7 billion). Current ratio as at 31 December 2023 was 1.6 (31 December 2022 — 1.2).

Total bank and other borrowings of the Group as at 31 December 2023 reduced to HK$645 million (31 December 2022 — HK$863 million). The borrowings were principally denominated in Hong Kong dollars and Malaysian ringgits (31 December 2022 — Hong Kong dollars, Singapore dollars and Malaysian ringgits).

As at 31 December 2023, bank loans amounted to HK$645 million (31 December 2022 — HK$852 million). All bank loans were secured by fixed and floating charges on certain properties and assets of certain subsidiaries of the Group. All the Group's bank loans carried interest at floating rates. 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, the balance also included a secured fixed rate loan from a third party of HK$11 million. Such loan was fully repaid during the Year.

Following the successful refinancing of certain bank loans, only approximately 22% of the bank and other borrowings as at 31 December 2023 (31 December 2022 — 64%) were repayable within one year. As at 31 December 2023, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 24.8% (31 December 2022 — 28.6%).

BUSINESS REVIEW *(continued)*

Financial Position *(continued)*

The consolidation of every ten ordinary shares of the Company into one consolidated share of the Company (the "Share Consolidation") became effective on 6 June 2023. The Share Consolidation does not have any material impact on the financial position or performance of the Group. As at 31 December 2023, the net asset value attributable to equity holders of the Company amounted to HK$2.5 billion (31 December 2022 — HK$2.7 billion). This was equivalent to HK$2.7 per share as at 31 December 2023 (31 December 2022 — HK$2.9 per share, restated based on the number of shares after Share Consolidation).

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

The Group had bankers' guarantees issued in lieu of rental and utility deposits for the premises used for operation of food businesses. As at 31 December 2023, the Group has secured bankers' guarantees of HK$1 million (31 December 2022 — HK$1 million) and unsecured bankers' guarantees of HK$4 million (31 December 2022 — HK$3 million). The secured bankers' guarantees were secured by certain assets of the Group. Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Year (31 December 2022 — Nil).

Total capital commitment of the Group as at 31 December 2023 amounted to HK$88 million (31 December 2022 — HK$121 million), which are mainly related to the committed investments in certain unlisted investment funds for long-term strategic purpose. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had 815 full-time employees as at 31 December 2023 (31 December 2022 — 740 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Year amounted to HK$290 million (2022 — HK$283 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%. Inbound tourism and private consumption are expected to underpin economic growth in Hong Kong. However, external environment remains unfavourable and economic uncertainties would continue to weigh on exports of goods and investment and consumption sentiment. 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 associates will cautiously manage their businesses and monitor their assets and investment portfolios. They will also continue to exercise prudent capital management.

BUSINESS STRATEGY

The business activities of the Group are diversified. The Group is committed to achieve long term sustainable growth of its businesses in preserving and enhancing shareholder value. The Group is focused on selecting attractive investment opportunities to strengthen and extend its business scope and has maintained prudent and disciplined financial management to ensure its sustainability.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries, associates, joint ventures and joint operation are principally engaged in investment holding, property investment, property development, food businesses, healthcare services, property management, mineral exploration and extraction, securities investment and treasury investment.

The activities and other particulars of the principal subsidiaries, principal associates, principal joint ventures and joint operation are set out in the financial statements on pages 172 to 178, page 179, page 180 and page 181, respectively.

There were no significant changes in the nature of these activities during the Year.

SEGMENT INFORMATION

An analysis of the Group's revenue and results by principal activity and geographical area for the Year is set out in Note 4 to the financial statements.

RESULTS AND DIVIDENDS

The results and details of cash flows of the Group for the Year and the financial position of the Group as at 31 December 2023 are set out in the financial statements on pages 86 to 181.

No interim dividend was declared (2022 — HK0.35 cents per share, approximately HK$32.2 million). The Directors have resolved not to recommend the payment of any final dividend for the Year (2022 — Nil).

SUMMARY OF GROUP FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial period/years is set out on page 184.

GOODWILL

Details of movements in goodwill during the Year are set out in Note 15 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties during the Year are set out in Note 17 to the financial statements.

BANK LOANS

Details of bank loans are summarised in Note 26 to the financial statements.

SHARE CAPITAL

Details of movement in the share capital of the Company are set out in Note 29 to the financial statements.

Pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 2 June 2023, every ten issued ordinary shares of the Company were consolidated into one share with effect from 6 June 2023.

SHARE OPTION SCHEME

Details of the share option scheme of a subsidiary of the Company are set out below.

A share option scheme of Asia Now Resources Corp. ("Asia Now", a subsidiary of the Company) (the "ANR Share Option Scheme"), which was approved by the shareholders of Asia Now, the Company and Lippo Limited ("Lippo"), an intermediate holding company of the Company, was adopted on 11 September 2014 (the "ANR Adoption Date"). Pursuant to the ANR Share Option Scheme, the board of directors of Asia Now (the "ANR Board") was entitled at any time to offer to grant an option to subscribe for common shares in the capital of Asia Now (the "ANR Shares") to any eligible person including directors or senior officers of Asia Now, and employees (the "ANR Eligible Employees") and consultants of Asia Now and its subsidiaries (together, the "ANR Eligible Persons") whom the ANR Board might, in its absolute discretion, select and be subject to such conditions as it might think fit. The purpose of the ANR Share Option Scheme was to provide ANR Eligible Persons with the opportunity to acquire proprietary interests in Asia Now and to encourage the ANR Eligible Persons to work towards enhancing the value of Asia Now and its shares for the benefit of Asia Now and its shareholders as a whole. The ANR Share Option Scheme was valid and effective for the period of ten years commencing on the ANR Adoption Date. Under the rules of the ANR Share Option Scheme, no further options should be granted on and after the tenth anniversary of the ANR Adoption Date. The options could be exercised at any time during the period commencing on the date of grant and ending on the date of expiry which should not be later than the day last preceding the tenth anniversary of the date of grant. No option might be exercised by an ANR Eligible Employee until such ANR Eligible Employee had been in continuous employment with Asia Now or its subsidiary or had been appointed as a director for a period of one calendar year from the date of such ANR Eligible Employee's commencement of employment with or appointment by Asia Now or its subsidiary. In respect of an ANR Eligible Person who was not an ANR Eligible Employee, the ANR Board might in its absolute discretion specify such minimum period for which an option must be held before such option could be exercised. In respect of an ANR Eligible Person (whether or not an ANR Eligible Employee), the ANR Board might in its absolute discretion make the exercise of an option conditional on the achievement of the minimum performance target(s). No grantee of option was required to pay for the grant of the relevant option.

SHARE OPTION SCHEME *(continued)*

The overall limit on the number of ANR Shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the ANR Share Option Scheme and other share option schemes must not exceed 20% of the ANR Shares in issue on the ANR Adoption Date. The maximum number of ANR Shares, in respect of which options might be granted under the ANR Share Option Scheme, should not (when aggregated with any ANR Shares subject to grants made after the ANR Adoption Date pursuant to any other share option scheme(s) of Asia Now) exceed 10% of the issued share capital of Asia Now on the ANR Adoption Date (the "ANR Scheme Mandate Limit"). The ANR Scheme Mandate Limit might be renewed at any time subject to prior approval of the Toronto Stock Exchange (as defined below) and shareholders of Asia Now and its relevant holding companies but in any event should not exceed 10% of the issued share capital of Asia Now as at the date of approval of the renewal of the ANR Scheme Mandate Limit. A maximum of 11,332,079 ANR Shares, representing approximately 10% of Asia Now's issued share capital, were reserved for issuance upon exercise of options granted under the ANR Share Option Scheme. The total number of ANR Shares issued and to be issued upon exercise of options granted and to be granted under the ANR Share Option Scheme to any single ANR Eligible Person, whether or not already a grantee, in any 12-month period should be subject to a limit that it should not exceed 1% of the ANR Shares in issue at the relevant time. The exercise price for the ANR Shares under the ANR Share Option Scheme should be determined by the ANR Board in its absolute discretion but in any event should not be less than the highest of (i) the closing price of the ANR Shares on the date of grant of the option, as stated in the daily quotations sheets of the TSX Venture Exchange of Canada ("TSXVE") or the Toronto Stock Exchange, as applicable, being the stock exchange on which the ANR Shares were primarily listed (the "Toronto Stock Exchange"); (ii) the average closing price of the ANR Shares for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheets of the Toronto Stock Exchange; and (iii) the floor price which meant the last closing price of the ANR Shares on the Toronto Stock Exchange before the date the option was granted less the following maximum discounts based on the closing price (and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of C$0.05):

Closing Price	Discount
Up to C$0.50	25%
C$0.51 to C$2.00	20%
Above C$2.00	15%

As at the beginning and end of the Year, there were no outstanding options granted under the ANR Share Option Scheme to subscribe for ANR Shares. No option of Asia Now was granted, exercised, cancelled or lapsed under the ANR Share Option Scheme during the Year (2022 — Nil).

Following the receivership entered into in August 2015, the listing of Asia Now was transferred from TSXVE to NEX, a separate board of TSXVE which provides a trading forum for listed companies in Canada that have fallen below TSXVE's ongoing financial listing standards. The receivership of Asia Now was completed in April 2016. The ANR Shares were subsequently delisted from NEX.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company's reserves available for distribution, calculated in accordance with the provisions of Part 6 of the Hong Kong Companies Ordinance, amounted to HK$58,019,000.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in the financial statements on pages 172 to 178.

DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK$5,385,000 (2022 — HK$5,524,000).

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Executive Directors

Dr. Stephen Riady *(Chairman)*
Mr. John Luen Wai Lee, BBS, JP *(Chief Executive Officer)*
Mr. James Siu Lung Lee
Mr. Brian Riady (appointed on 30 March 2023)

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. Edwin Neo
Mr. Victor Ha Kuk Yung
Ms. Min Yen Goh

In accordance with Article 112 of the Company's Articles of Association (the"Articles"), Messrs. James Siu Lung Lee, John Luen Wai Lee and Leon Nim Leung Chan will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Dr. Stephen Riady, Messrs. John Luen Wai Lee, James Siu Lung Lee and Brian Riady are also directors of certain subsidiaries of the Company. A list of directors of the Company's subsidiaries during the Year and up to the date of this report is available on the Company's website (www.lcr.com.hk).

Mr. Victor Ha Kuk Yung entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30 September 2022. Ms. Min Yen Goh entered into a letter agreement with the Company for her appointment as a Director of the Company for a term of two years commencing from 30 December 2022. Each of Dr. Stephen Riady and Mr. John Luen Wai Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1 January 2023. Mr. Brian Riady entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30 March 2023. Following the expiry of the term upon their respective former letter agreements with the Company, (a) Mr. James Siu Lung Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1 May 2023; and (b) each of Messrs. Leon Nim Leung Chan and Edwin Neo entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1 January 2024. All the above letter agreements are terminable by either party by giving three months' prior written notice. The term of office of the Directors is also subject to the provisions of the Articles. In accordance with the Articles, one-third of the Directors of the Company must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. Every Director is also subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors.

DIRECTORS *(continued)*

In addition, Dr. Stephen Riady entered into an employment agreement (as supplemented) for his employment as an Executive President of the Company with effect from 1 January 2015. Mr. John Luen Wai Lee entered into an employment agreement (as supplemented) for his employment as the Chief Executive Officer of the Company with effect from 1 January 2015. Mr. James Siu Lung Lee entered into an employment agreement (as supplemented) for his appointment as an Executive Vice President – Business Development of the Company with effect from 1 May 2015. The above employment agreements are terminable by either party by giving three months' prior written notice.

Dr. Stephen Riady also entered into an employment contract with a subsidiary of the Company which is terminable by either party by giving six months' prior written notice.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Company considers such Directors to be independent.

Under the Company's Articles, every Director or other officer of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. A Directors' and Officers' Liability Insurance is in place to protect the Directors and officers of the Group against any potential liability arising from the Group's activities which such Directors and officers may be held liable.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Stephen Riady (former name: Stephen Tjondro Riady), aged 63, was appointed a Director of the Company in July 1992 and is the Chairman of board of directors of the Company. Dr. Riady is also an executive director and the Chairman of the board of directors of Lippo Limited ("Lippo") and Hongkong Chinese Limited ("HKC"), both are public listed companies in Hong Kong. He has been the Executive President of each of the Company, Lippo and HKC since January 2015. He is a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. Dr. Riady also holds directorships in certain subsidiaries of the Company, Lippo and HKC. He is the Executive Chairman and Group Chief Executive Officer of OUE Limited ("OUE"), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). He resigned as a non-executive non-independent director of Healthway Medical Corporation Limited, a company formerly listed on the sponsor-supervised listing platform of the SGX-ST, in November 2023. Dr. Riady is a director of Lippo Capital Group Limited, Lippo Capital Holdings Company Limited, Lippo Capital Limited and Skyscraper Realty Limited ("Skyscraper") which, together with Lippo, have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. Dr. Riady is a graduate of the University of Southern California, the United States of America and holds a Master of Business Administration from Golden Gate University, the United States of America and an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, the United Kingdom. He is one of the first Honorary University Fellows installed by the Hong Kong Baptist University in September 2006. Dr. Riady is the father of Mr. Brian Riady who is an executive Director of each of the Company, Lippo and HKC and a director of certain subsidiaries of the Company. Dr. Riady is the father-in-law of Dr. Andy Adhiwana ("Dr. Adhiwana"), an executive director and the Group Chief Executive Officer of Auric Pacific Group Limited, a subsidiary of the Company. Dr. Riady is the spouse of Madam Shincee Leonardi ("Madam Leonardi") and a brother of Mr. James Tjahaja Riady ("Mr. James Riady"). Madam Aileen Hambali ("Madam Hambali") is the spouse of Mr. James Riady. Interests of Madam Leonardi, Mr. James Riady and Madam Hambali in the Company are disclosed in the section headed "Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance" below.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Mr. John Luen Wai Lee, BBS, JP, aged 75, was appointed a Director of the Company in July 1992 and is the Chief Executive Officer of the Company. Mr. Lee is the Managing Director and Chief Executive Officer of Lippo. He is an executive director and the Chief Executive Officer of HKC, as well as an independent non-executive director of New World Development Company Limited and UMP Healthcare Holdings Limited, both are public listed companies in Hong Kong. He is a director of Skyscraper. Mr. Lee is an authorised representative of the Company, Lippo and HKC. In addition, he holds directorships in certain subsidiaries of the Company, Lippo and HKC. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Price Waterhouse (now known as PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong, a Justice of Peace in Hong Kong and an awardee of the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Lee is active in public service. Over the years, he has served as a member or chairman of different government boards and committees in Hong Kong, including a member of the Hong Kong Hospital Authority and the Chairman of the Hospital Governing Committee of the Queen Elizabeth Hospital. Currently, he serves as the Chairman of the Hospital Governing Committee of Hong Kong Children's Hospital.

Mr. James Siu Lung Lee, aged 54, was appointed an executive Director of the Company in May 2015. Mr. Lee has over 20 years of experience in mergers and acquisitions on technology companies. Mr. Lee joined a former subsidiary of HKC in 1997 and was the Head of Derivatives Department before he left that subsidiary in late 1999. Mr. Lee was subsequently appointed as an assistant to the then Managing Director of the Company in early 2000 and left the Company in early 2009. He was a director of Systech Century Group from 2009 to 2014. In December 2014, Mr. Lee rejoined the Group and was appointed an Executive Vice President of business development. He also holds directorships in certain subsidiaries of the Company. Mr. Lee holds a Bachelor degree in Manufacturing Engineering with honours from Queen's University, Belfast, the United Kingdom and a Doctor degree in Engineering (major in Hierarchical Operations Management and Control for Automated Systems and Robotics) from The University of Hong Kong. He also holds a Master of Laws (major in International Economic Law) from The Chinese University of Hong Kong.

Mr. Brian Riady, aged 33, was appointed an executive Director of the Company in March 2023. Mr. Riady holds a Bachelor of Science (Political Communication) and a Bachelor of Arts (Economics) from the University of Texas at Austin, the United States of America. He attended the Executive Education programs at the Harvard Business School. Mr. Riady is also an executive director of Lippo and HKC. He is the Deputy Chief Executive Officer and Executive Director of OUE. Mr. Riady is also a non-independent non-executive director of OUE REIT Management Pte. Ltd. (formerly known as OUE Commercial REIT Management Pte. Ltd.) (the manager of OUE Real Estate Investment Trust ("OUE REIT", formerly known as OUE Commercial Real Estate Investment Trust)). He resigned as a non-independent and non-executive director of OUE Healthcare Limited ("OUEH", formerly known as OUE Lippo Healthcare Limited) in January 2024. OUE REIT and OUEH are listed on the SGX-ST. He also holds directorships in certain subsidiaries of the Company. Mr. Riady is the son of Dr. Stephen Riady and Madam Leonardi and a brother-in-law of Dr. Adhiwana. Mr. Riady is a nephew of Mr. James Riady and Madam Hambali.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Mr. Leon Nim Leung Chan, aged 68, was appointed an independent non-executive Director of the Company in May 1997 and was re-designated as a non-executive Director of the Company in September 2004. He is a practising lawyer and presently the principal partner of Messrs. Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to April 2008. He is also a non-executive director of Lippo and HKC. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. He was appointed as an independent non-executive director of Midland Holdings Limited, a public listed company in Hong Kong, in December 2023.

Mr. Edwin Neo, aged 74, was appointed an independent non-executive Director of the Company in March 2002. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1976 and of the Supreme Court of England and Wales in 1993. Mr. Neo is a practising lawyer and a notary public and is presently the senior partner of Hoosenally & Neo, Solicitors & Notaries. Mr. Neo holds a Bachelor of Laws degree with honours and Post-graduate Certificate in Laws from The University of Hong Kong. He is also an independent non-executive director of HKC. Mr. Neo is the Chairman of the Remuneration Committee and Nomination Committee and a member of the Audit Committee of the Company. He is also a member of the Remuneration Committee, Nomination Committee and Audit Committee of HKC.

Mr. Victor Ha Kuk Yung, aged 70, was appointed an independent non-executive Director of the Company in September 2004. Mr. Yung is a professional accountant with over 40 years of working experience in the financial and accounting fields, and served in management positions in various multinational companies in Asia. Mr. Yung holds a Master of Science Degree in Corporate Governance and Directorship from the Hong Kong Baptist University, and is a member of the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of Lippo. Mr. Yung is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of each of the Company and Lippo.

Ms. Min Yen Goh, aged 63, was appointed an independent non-executive Director of the Company in December 2022. Ms. Goh obtained a Bachelor of Science in Economics and Finance with high distinction from Babson College in the United States of America. Ms. Goh is currently the managing director of Eng Wah Group and a director of Eng Wah Global Pte. Ltd. Ms. Goh was a director of Eng Wah Organization Limited, which was listed on the Mainboard of the SGX-ST before it was privatized in 2008. She is an independent director of OUE. Ms. Goh is also an independent non-executive director of Lippo and HKC. Ms. Goh is a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC.

Details of the interests of the Directors in the Company are disclosed in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations" below.

Save as disclosed herein and in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations" below, the Directors do not have any other relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Details of the emoluments of the Directors on a named basis and the five highest paid employees in the Group are set out in Notes 9 and 10 to the financial statements, respectively.

The emoluments of the Directors are determined by reference to the market rates, time commitment and their duties and responsibilities as well as employment conditions elsewhere in the Group.

The emoluments of the Directors for the Year have been covered by their respective letter agreements and/or employment agreements/employment contract (as applicable) with the Group and/or paid under the relevant statutory requirement save for those as disclosed herein below:

(a) the discretionary bonus of Dr. Stephen Riady in an amount of HK$10,087,150;

(b) the discretionary bonus of Mr. John Luen Wai Lee in an amount of HK$1,000,000; and

(c) the discretionary bonus of Mr. James Siu Lung Lee in an amount of HK$600,000.

Dr. Stephen Riady and Messrs. John Luen Wai Lee and James Siu Lung Lee are entitled to receive salaries, discretionary bonuses and/or other fringe benefits for the executive role in the Group under their respective employment agreements/employment contract with the Group.

Further details of the above Directors' emoluments are disclosed in Note 9 to the financial statements.

Each of the Directors of the Company is entitled to receive a director's fee from the Company. The director's fee was adjusted from HK$258,000 per annum to HK$265,200 per annum with effect from 1 April 2023. The director's fee paid to each of the Directors of the Company (on a 12-month basis) was HK$263,400 for the Year. A non-executive Director will also receive additional fees for duties assigned to and services provided by him/her as Chairmen and/or members of various board committees of the Company. The fees paid to the non-executive Directors (on a 12-month basis) for serving as Chairmen and/or members of various board committees of the Company for the Year are as follows:

	HK$
Chairman	87,000
Member	56,100

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations"), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

Interests in shares and underlying shares of the Company and Associated Corporations

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of controlled corporations)	Other interests	Total interests	Approximate percentage of total interests in the issued shares
Number of ordinary shares in the Company						
Stephen Riady	–	–	689,018,438 *Notes (i) and (ii)*	–	689,018,438	74.99
James Siu Lung Lee	200	–	–	–	200	0.00
Min Yen Goh	–	–	–	200,000 *Note (iii)*	200,000	0.02
Number of ordinary shares in Lippo Limited ("Lippo")						
Stephen Riady	–	–	369,800,219 *Note (i)*	–	369,800,219	74.98
John Luen Wai Lee	1,031,250	–	–	–	1,031,250	0.21
Number of ordinary shares of HK$0.10 each in Hongkong Chinese Limited ("HKC")						
Stephen Riady	–	–	1,477,715,492 *Notes (i) and (iv)*	–	1,477,715,492	73.95
John Luen Wai Lee	2,000,270	270	–	–	2,000,540	0.10
James Siu Lung Lee	2,000	–	–	–	2,000	0.00

Note:

(i) As at 31 December 2023, Lippo Capital Limited ("Lippo Capital"), an Associated Corporation of the Company, was directly interested in 369,800,219 ordinary shares in, representing approximately 74.98% of the issued shares of, Lippo. Lippo Capital was a 60% owned subsidiary of Lippo Capital Holdings Company Limited ("Lippo Capital Holdings"), an Associated Corporation of the Company, which in turn was a wholly-owned subsidiary of Lippo Capital Group Limited ("Lippo Capital Group"), an Associated Corporation of the Company. Dr. Stephen Riady ("Dr. Riady") was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group.

(ii) As at 31 December 2023, Lippo, through its 100% owned subsidiary, was indirectly interested in 689,018,438 ordinary shares in, representing approximately 74.99% of the issued shares of, the Company.

(iii) As at 31 December 2023, Ms. Min Yen Goh (in the capacity of an executor) was deemed to be interested in 200,000 ordinary shares in, representing approximately 0.02% of the issued shares of, the Company.

(iv) As at 31 December 2023, Lippo, through its 100% owned subsidiary, was indirectly interested in 1,477,715,492 ordinary shares of HK$0.10 each in, representing approximately 73.95% of the issued shares of, HKC.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(continued)*

Interests in shares and underlying shares of the Company and Associated Corporations *(continued)*

As mentioned in Note (i) above, Dr. Riady was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group. Through his interest in Lippo Capital Group, Dr. Riady was also interested or taken to be interested (through controlled corporations) in the issued shares of the following Associated Corporations of the Company as at 31 December 2023:

Name of Associated Corporation	*Note*	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Abital Trading Pte. Limited	(a)	Ordinary shares	2	100
Auric Pacific Group Limited ("Auric")	(b)	Ordinary shares	80,618,551	65.48
Bentham Holdings Limited	(c)	Ordinary shares	1	100
Boudry Limited	(a)	Ordinary shares	10	100
	(a)	Non-voting deferred shares	1,000	100
Brimming Fortune Limited	(a)	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	(a)	Ordinary shares	1	100
Grand Peak Investment Limited	(a)	Ordinary shares	2	100
Greenorth Holdings Limited	(a)	Ordinary shares	1	100
HKCL Investments Limited	(a)	Ordinary shares	1	100
Healthway Medical Corporation Limited ("Healthway")	(d)	Ordinary shares	3,038,634,828	67
International Realty (Singapore) Pte. Limited	(a)	Ordinary shares	2	100
J & S Company Limited	(a)	Ordinary shares	1	100
Lippo Assets (International) Limited	(a)	Ordinary shares	1	100
	(a)	Non-voting deferred shares	15,999,999	100
Lippo Capital	(c)	Ordinary shares	423,414,001	60
Lippo Capital Holdings	(e)	Ordinary shares	1	100
Lippo Investments Limited	(a)	Ordinary shares	2	100
Lippo Realty Limited	(a)	Ordinary shares	2	100
MG Superteam Pte. Ltd.	(a)	Ordinary shares	1	100
Multi-World Builders & Development Corporation	(a)	Ordinary shares	4,080	51
Skyscraper Realty Limited	(f)	Ordinary shares	10	100
Superfood Retail Limited ("Superfood")	(g)	Ordinary shares	10,000	100
The HCB General Investment (Singapore) Pte Ltd	(a)	Ordinary shares	100,000	100
Valencia Development Limited	(a)	Ordinary shares	800,000	100
	(a)	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	(a)	Ordinary shares	1	100

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(continued)*

Interests in shares and underlying shares of the Company and Associated Corporations *(continued)*

Note:

(a) Such share(s) was/were 100% held directly or indirectly by Lippo Capital, a 60% owned indirect subsidiary of Lippo Capital Group.

(b) Of these shares, 4,999,283 ordinary shares were held by Jeremiah Holdings Limited ("Jeremiah"), a 60% owned indirect subsidiary of the Company; 20,004,000 ordinary shares were held by Nine Heritage Pte Ltd ("Nine Heritage"), an 80% owned direct subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd ("Pantogon"), a 100% owned indirect subsidiary of the Company and 759,000 ordinary shares were held by Max Turbo Limited ("Max Turbo"), a 100% owned indirect subsidiary of the Company. Details of Dr. Riady's interest in the Company are disclosed in Notes (i) and (ii) above. In addition, as at 31 December 2023, 18,691,216 ordinary shares were held by Silver Creek Capital Pte. Ltd. ("Silver Creek"). Dr. Riady, through companies controlled by him, is the beneficial owner of 100% of the issued shares in Silver Creek. Accordingly, Dr. Riady was taken to be interested in an aggregate of 80,618,551 ordinary shares in, representing approximately 65.48% of the issued shares of, Auric.

(c) Such share(s) was/were held directly by Lippo Capital Holdings which in turn was a direct wholly-owned subsidiary of Lippo Capital Group.

(d) Of these shares, 253,865,182 ordinary shares were held by Continental Equity Inc., a 100% owned indirect subsidiary of the Company; 1,594,776,083 ordinary shares were held by Gentle Care Pte. Ltd., a 100% owned indirect subsidiary of the Company; and 1,189,993,563 ordinary shares were held by OUEH Investments Pte. Ltd., a 70.36% owned indirect subsidiary of OUE Limited ("OUE"). OUE was indirectly owned as to approximately 73.36% by Fortune Crane Limited ("FCL"). HKC, through its 50% joint venture, Lippo ASM Asia Property Limited, held approximately 92.05% interest in FCL. Accordingly, Dr. Riady was taken to be interested in an aggregate of 3,038,634,828 ordinary shares in, representing approximately 67% of the issued shares of, Healthway. Details of Dr. Riady's interest in HKC and the Company are disclosed in Notes (i), (ii) and (iv) above.

(e) Such share was 100% held directly by Lippo Capital Group.

(f) Such shares were 100% held directly by Lippo. Details of Dr. Riady's interest in Lippo are disclosed in Note (i) above.

(g) Of these shares, 1,625 ordinary shares were held by Nine Heritage; 2,937 ordinary shares were held by Pantogon; 406 ordinary shares were held by Jeremiah; 62 ordinary shares were held by Max Turbo and 4,970 ordinary shares were held by Oddish Ventures Pte. Ltd., a 100% owned indirect subsidiary of OUE. Accordingly, Dr. Riady was taken to be interested in an aggregate of 10,000 ordinary shares in, representing 100% of the issued shares of, Superfood. Details of Dr. Riady's interest in the Company, HKC and OUE were disclosed in Notes (i), (ii), (iv) and (d) above.

As at 31 December 2023, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its Associated Corporations.

All the interests stated above represent long positions. Save as disclosed herein, as at 31 December 2023, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its Associated Corporations which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 31 December 2023, none of the Directors or chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its Associated Corporations.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable a Director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PERMITTED INDEMNITY PROVISION

The Company's Articles of Association provides that every Director is entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses or liabilities to the fullest extent permitted by the Hong Kong Companies Ordinance which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Directors' and Officers' Liability Insurance was taken out and maintained throughout the Year, which provides appropriate cover for, inter alia, the Directors of the Company and its subsidiaries.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 31 December 2023, so far as is known to the Directors of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") as follows:

Interests of substantial shareholders and other persons in shares of the Company

Name	Number of ordinary shares	Approximate percentage of the issued shares
Substantial shareholders		
Skyscraper Realty Limited ("Skyscraper")	689,018,438	74.99
Lippo Limited ("Lippo")	689,018,438	74.99
Lippo Capital Limited ("Lippo Capital")	689,018,438	74.99
Lippo Capital Holdings Company Limited ("Lippo Capital Holdings")	689,018,438	74.99
Lippo Capital Group Limited ("Lippo Capital Group")	689,018,438	74.99
Madam Shincee Leonardi	689,018,438	74.99
PT Trijaya Utama Mandiri ("PT TUM")	689,018,438	74.99
Mr. James Tjahaja Riady	689,018,438	74.99
Madam Aileen Hambali	689,018,438	74.99
Other persons		
Mr. Tai Tak Fung ("Mr. Tai")	46,081,800	5.01
Madam Wu Mei Yung	46,081,800	5.01

Note:

1. 689,018,438 ordinary shares of the Company were held by Skyscraper directly as beneficial owner which in turn is a 100% owned subsidiary of Lippo. Lippo Capital was directly interested in 369,800,219 ordinary shares in, representing approximately 74.98% of the issued shares of, Lippo.

2. Lippo Capital Holdings owned 60% of the issued shares in Lippo Capital. Lippo Capital Group owned 100% of the issued share capital of Lippo Capital Holdings. Dr. Stephen Riady was the beneficial owner of 100% of the issued share capital of Lippo Capital Group. Madam Shincee Leonardi is the spouse of Dr. Stephen Riady.

3. PT TUM owned the remaining 40% of the issued shares in Lippo Capital. PT TUM was wholly owned by Mr. James Tjahaja Riady who is a brother of Dr. Stephen Riady. Madam Aileen Hambali is the spouse of Mr. James Tjahaja Riady.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE *(continued)*

Interests of substantial shareholders in shares of the Company *(continued)*

Note: (continued)

4. Skyscraper's interests in the ordinary shares of the Company were recorded as the interests of Lippo, Lippo Capital, Lippo Capital Holdings, Lippo Capital Group, Madam Shincee Leonardi, PT TUM, Mr. James Tjahaja Riady and Madam Aileen Hambali. The above 689,018,438 ordinary shares of the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

5. Mr. Tai, through Careful Guide Limited, Capital Season Investments Limited and Ever Media Limited, was indirectly interested in an aggregate of 45,048,800 ordinary shares in the Company. Together with 1,033,000 ordinary shares of the Company held by Mr. Tai directly as beneficial owner, Mr. Tai was deemed to be interested in an aggregate of 46,081,800 ordinary shares in, representing approximately 5.01% of the issued shares of, the Company. Madam Wu Mei Yung is the spouse of Mr. Tai.

All the interests stated above represent long positions. Save as disclosed herein, as at 31 December 2023, none of the substantial shareholders or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Lippo Group (a general reference to the companies in which Dr. Stephen Riady and his family members have a direct or indirect interest) is not a legal entity and does not operate as one. Each of the companies in the Lippo Group operates within its own legal, corporate and financial framework. As at 31 December 2023, the Lippo Group might have had or developed interests in business in Hong Kong and other parts in Asia similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

Dr. Stephen Riady, Mr. John Luen Wai Lee, Mr. Brian Riady, Mr. Leon Nim Leung Chan and Ms. Min Yen Goh are also directors of Lippo Limited ("Lippo"), an intermediate holding company of the Company, and Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company. Mr. Victor Ha Kuk Yung is also a director of Lippo and Mr. Edwin Neo is also a director of HKC. Further details of the Directors' interests in Lippo and HKC are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations". Subsidiaries of Lippo and HKC are also engaged in property investment and property development.

The Directors of the Company are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and its Directors would comply with the relevant requirements of the Company's Articles of Association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") whenever a Director has any conflict of interest in the transaction(s) with the Company.

Save as disclosed herein, during the Year and up to the date of this report, none of the Directors are considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group required to be disclosed under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions disclosed in accordance with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") are as follows:

(A) On 3 January 2020, a franchise agreement (the "Maxx Coffee Franchise Agreement") was entered into between Delifrance Singapore Pte. Ltd. (formerly known as Maxx Coffee Singapore Pte. Ltd.) (the "Maxx Coffee Franchisee", an indirect non-wholly owned subsidiary of the Company) and PT Maxx Coffee Prima (the "Maxx Coffee Franchisor"), pursuant to which the Maxx Coffee Franchisor agreed (i) to grant to the Maxx Coffee Franchisee the exclusive right and licence in Singapore to carry on the business of establishing, developing and operating retail coffee shops in Singapore under the name of "Maxx Coffee" (the "Maxx Coffee Shops"), and sell Maxx Coffee brand coffee, beverages and/or other food or non-food products as agreed by the parties from time to time on a retail basis in Singapore; (ii) to supply to the Maxx Coffee Franchisee Maxx Coffee brand coffee, beverages and/or other food or non-food products, materials and supplies that are reasonably required by the Maxx Coffee Franchisee for the operation of the business under the franchise as agreed by the parties from time to time; and (iii) to provide training, ongoing advice and guidance to the Maxx Coffee Franchisee for the development, marketing and operation of the Maxx Coffee Shops (the "Business") during an initial term of ten years commencing from the date of the Maxx Coffee Franchise Agreement, with an option for the Maxx Coffee Franchisee to extend for another five years upon expiration of the initial term.

In consideration of the grant of the franchise and all the services to be provided by the Maxx Coffee Franchisor to the Maxx Coffee Franchisee under the Maxx Coffee Franchise Agreement, the Maxx Coffee Franchisee shall pay to the Maxx Coffee Franchisor a royalty fee (the "Maxx Coffee Royalty Fee"), details of which are as follows:

(i) for each calendar month during the period from the date of the Maxx Coffee Franchise Agreement to 31 December 2020: the Maxx Coffee Royalty Fee shall be 2.5% of the total monthly net sales of the Maxx Coffee Shops (the "Net Sales");

(ii) for each calendar month during the 12 months ended 31 December 2021: the Maxx Coffee Royalty Fee shall be 3% of the total monthly Net Sales;

(iii) for each calendar month during the 12 months ended 31 December 2022: the Maxx Coffee Royalty Fee shall be 3.5% of the total monthly Net Sales; and

(iv) for each calendar month commencing 1 January 2023 onwards: the Maxx Coffee Royalty Fee shall be 4% of the total monthly Net Sales.

The consideration for the purchase of Maxx Coffee supplies from the Maxx Coffee Franchisor (the "Purchase Consideration") will be determined on an at-cost basis, being the consideration payable by the Maxx Coffee Franchisor to the relevant third party suppliers under each relevant supply of goods contract entered into between the Maxx Coffee Franchisor and the third party suppliers.

The annual cap for the aggregate transaction amounts made by the Maxx Coffee Franchisee to the Maxx Coffee Franchisor under the Maxx Coffee Franchise Agreement for the Year was HK$19,600,000, which was calculated based on the sum of the estimated maximum amounts of (a) the annual Maxx Coffee Royalty Fee for the Year of HK$8,600,000; and (b) the Purchase Consideration for the Year of HK$11,000,000.

CONTINUING CONNECTED TRANSACTIONS *(continued)*

(A) *(continued)*

The Maxx Coffee Franchise Agreement enables the Maxx Coffee Franchisee to set up a new coffee chain in Singapore under the brand name "Maxx Coffee" and uses the know-hows from the Maxx Coffee Franchisor to expand its food retail business.

Due to an internal group restructuring, the Maxx Coffee Franchisee intended to use a wholly-owned subsidiary, Maxx Coffee Singapore Pte. Ltd. (the "Maxx Coffee Sub-Franchisee"), to carry out the Business commencing from 1 January 2022. Accordingly, on 30 December 2021, the Maxx Coffee Franchisee entered into a sub-franchise agreement (the "Maxx Coffee Sub-Franchise Agreement") with the Maxx Coffee Sub-Franchisee in relation to the Business. The terms of the Maxx Coffee Sub-Franchise Agreement are substantially the same as the terms of the Maxx Coffee Franchise Agreement and in particular, the royalty fees to be paid by the Maxx Coffee Sub-Franchisee under the Maxx Coffee Sub-Franchise Agreement will be the same as those payable by the Maxx Coffee Franchisee to the Maxx Coffee Franchisor under the Maxx Coffee Franchise Agreement. The annual caps of the relevant transactions remained the same and were applied on both the Maxx Coffee Franchisee and the Maxx Coffee Sub-Franchisee as a whole.

As at the date of the Maxx Coffee Franchise Agreement, the Maxx Coffee Franchisor was indirectly controlled by PT Inti Anugerah Pratama ("IAP"), of which Dr. Stephen Riady ("Dr. Riady"), an executive Director and the Chairman of the Board of Directors of the Company, and his brother, Mr. James Tjahaja Riady were the ultimate beneficial owners and together indirectly controlled more than 50% of the voting power at general meetings of IAP. Accordingly, the Maxx Coffee Franchisor is regarded as a connected person of the Company under the Listing Rules.

Further details of the Maxx Coffee Franchise Agreement are disclosed in Note 35(e) to the financial statements.

(B) On 20 August 2020, a tenancy agreement (the "Tenancy Agreement") was entered into between Serene Yield Limited ("Serene Yield"), a wholly-owned subsidiary of the Company, and LCR Catering Services Limited ("LCR Catering"), an indirect non-wholly owned subsidiary of the Company, pursuant to which LCR Catering agreed to lease from Serene Yield Unit 4, Ground Floor, Lippo Centre, 89 Queensway, Hong Kong (the "Premises"), with a net floor area of approximately 7,964 square feet, for a term of three years from 22 August 2020 to 21 August 2023, both days inclusive, at a monthly rental of HK$352,700, exclusive of rates, service charge and all other outgoings, provided that the first 5 months of the term and the last month of the term should be rent free, for use as a restaurant. The service charge of HK$73,053 per month (subject to adjustment) should be payable by LCR Catering to Serene Yield and such service charge should not exceed HK$95,000 per month (the "Maximum Service Charge"). The maximum aggregate value, that is, the annual cap for the Tenancy Agreement, which is equivalent to the annual rent and annual Maximum Service Charge, for the Year was HK$3,085,000.

CONTINUING CONNECTED TRANSACTIONS *(continued)*

(B) *(continued)*

Subsequently, on 29 June 2023, a tenancy agreement (the "New Tenancy Agreement") was entered into between Serene Yield and LCR Catering, pursuant to which LCR Catering agreed to lease from Serene Yield the Premises for a term of three years from 22 August 2023 to 21 August 2026, both days inclusive, at a monthly rental of HK$352,700, exclusive of rates, service charge and all other outgoings, provided that the first and the last month of the term shall be rent free, for use as a restaurant. The service charge of HK$78,167 per month (subject to adjustment) shall be payable by LCR Catering to Serene Yield and such service charge shall not exceed HK$100,000 per month (the "New Maximum Service Charge"). The maximum aggregate value, that is, the annual cap for the New Tenancy Agreement, which is equivalent to the annual rent and annual New Maximum Service Charge, for the Year was HK$1,605,000.

LCR Catering is a non-wholly owned subsidiary of Superfood Retail Limited ("Superfood") which in turn is a 50.3% subsidiary of the Company. Superfood is owned as to 49.7% by Oddish Ventures Pte. Ltd., an indirect wholly-owned subsidiary of OUE Limited ("OUE"). OUE is a joint venture of Hongkong Chinese Limited which in turn is a subsidiary of Lippo Limited, a holding company of the Company. Accordingly, LCR Catering is regarded as a connected subsidiary of the Company under the Listing Rules.

(C) On 14 December 2020, (i) a franchise agreement and a letter agreement with respect to the business of operating restaurants known as "Chatterbox Café" and (ii) a franchise agreement and a letter agreement with respect to the business of operating restaurants known as "Chatterbox Express" (together, the "Chatterbox Franchise Agreements") were entered into between Cuisine Continental (HK) Limited and Cuisine Continental Group (HK) Limited (together, the "Chatterbox Franchisees", each an indirect non-wholly owned subsidiary of the Company) and Chatexpress Pte. Ltd. (the "Chatterbox Franchisor"). Pursuant to the Chatterbox Franchise Agreements, the Chatterbox Franchisor agreed to grant to each of the Chatterbox Franchisees, amongst other things, an exclusive licence to establish and operate the restaurants known as "Chatterbox Café" and "Chatterbox Express" (together, the "Outlets"), and to conduct the business of operating casual dining restaurants and food delivery business at and from the Outlets and the channels (that is, sale and fulfilment of products via approved online food ordering and delivery platforms and any other mode of trading other than the Outlets as expressly designated by the Chatterbox Franchisor in accordance with the Chatterbox Franchise Agreements), within Hong Kong, utilising the Chatterbox Franchisor's intellectual property rights, systems and procedures. The initial term of the Chatterbox Franchise Agreements shall be seven years commencing from 1 January 2021, with an option for the Chatterbox Franchisees to extend for another seven years upon expiration of the initial term.

Under the Chatterbox Franchise Agreements, the Chatterbox Franchisees shall pay to the Chatterbox Franchisor royalty fees (the "Chatterbox Royalty Fees") which shall be the sum equivalent to the proportion of net revenue of the Chatterbox Franchisees (the "Net Revenue"), details of which are as follows:

(i) from 1 January 2021 to 31 December 2021: the Chatterbox Royalty Fees shall be 2.5% of the Net Revenue;

(ii) from 1 January 2022 to 31 December 2022: the Chatterbox Royalty Fees shall be 3.0% of the Net Revenue;

(iii) from 1 January 2023 to 31 December 2023: the Chatterbox Royalty Fees shall be 3.5% of the Net Revenue;

CONTINUING CONNECTED TRANSACTIONS *(continued)*

(C) *(continued)*

(iv) from 1 January 2024 to 31 December 2024: the Chatterbox Royalty Fees shall be 4.0% of the Net Revenue;

(v) from 1 January 2025 to 31 December 2025: the Chatterbox Royalty Fees shall be 4.0% of the Net Revenue;

(vi) from 1 January 2026 to 31 December 2026: the Chatterbox Royalty Fees shall be 4.0% of the Net Revenue; and

(vii) from 1 January 2027 to 31 December 2027: the Chatterbox Royalty Fees shall be 4.0% of the Net Revenue.

In addition to the Chatterbox Royalty Fees, the Chatterbox Franchisees shall reimburse the Chatterbox Franchisor all per diem allowances, airfare, accommodation, insurance, permits/visas and other related out-of-pocket expenses incurred by the Chatterbox Franchisor or its personnel for certain matters relating to the performance of the Chatterbox Franchise Agreements, including for audits carried out by, and trainings provided by, the Chatterbox Franchisor as well as any travels of the Chatterbox Franchisor's personnel as may be requested by the Chatterbox Franchisees.

The annual cap for the aggregate transaction amounts made by the Chatterbox Franchisees to the Chatterbox Franchisor under the Chatterbox Franchise Agreements for the Year was HK$8,000,000, which was calculated based on the sum of the estimated maximum aggregate amounts of the Chatterbox Royalty Fees and expenses to be reimbursed to the Chatterbox Franchisor by the Chatterbox Franchisees under the Chatterbox Franchise Agreements.

The Chatterbox Franchise Agreements formally establish the franchise arrangements between the Chatterbox Franchisor and the Chatterbox Franchisees, and enable the Chatterbox Franchisees to use the know-hows from the Chatterbox Franchisor to expand the food retail business by opening restaurants under the brands of "Chatterbox Café" and "Chatterbox Express" in Hong Kong.

As at the date of the Chatterbox Franchise Agreements, the Chatterbox Franchisor was a company wholly owned by OUE. Accordingly, the Chatterbox Franchisor is regarded as a connected person of the Company under the Listing Rules.

Further details of the Chatterbox Franchise Agreements are disclosed in Note 35(f) to the financial statements.

CONTINUING CONNECTED TRANSACTIONS *(continued)*

(D) On 22 March 2021, a corporate support services agreement (the "Corporate Support Services Agreement") was entered into between Cynosure Asset Management Hong Kong Limited ("CAM", formerly known as Lippo Investments Management Limited), a then wholly-owned subsidiary of the Company, and OUE Investments Pte Ltd (the "Client") pursuant to which CAM agreed to provide to the Client support services for the purpose of the Client's treasury management activities (the "Services") for a term of three years commencing from 22 March 2021. The Services should be provided from Hong Kong by way of allocating the time of personnel located in Hong Kong as might be designated by CAM from time to time (the "Specified Personnel") to perform activities in relation to the Services as instructed by the Client in writing. The service fee should be payable by the Client to CAM in respect of the Services on a quarterly basis and should be based on the agreed time spent by the relevant Specified Personnel for the provision of the Services and their respective hourly rates. The hourly rates were determined according to the Specified Personnel's skills, experience or seniority and other relevant costs involved (including allocation of indirect costs). The annual cap for the Corporate Support Services Agreement for the Year was HK$25,240,000, which was calculated based on the sum of the estimated service fees payable by the Client to CAM under the Corporate Support Services Agreement.

The Client, a wholly-owned subsidiary of OUE, is regarded as a connected person of the Company under the Listing Rules.

On 2 March 2023, CAM received written notice from the Client to terminate the Corporate Support Services Agreement. Accordingly, the Corporate Support Services Agreement was terminated on 31 March 2023 and upon termination, CAM and the Client would be released from all their liabilities and obligations under the Corporate Support Services Agreement.

Further details of the Corporate Support Services Agreement are disclosed in Note 35(g) to the financial statements.

The independent non-executive Directors have confirmed that the above agreements had been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the above agreements on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Ernst & Young, the Company's auditor, was engaged to report on the above Group's continuing connected transactions conducted during the Year (the "Continuing Connected Transactions") in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young has issued its unqualified letter containing its findings and conclusions in respect of the Continuing Connected Transactions in accordance with rule 14A.56 of the Listing Rules.

The Directors of the Company (excluding Dr. Riady and Mr. Brian Riady who were required to abstain from voting (as the case may be)) considered the terms of continuing connected transactions disclosed herein were fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions disclosed herein.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Save as disclosed above and in Note 35 to the financial statements, there were no other contracts of significance in relation to the Company's business, to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

During the Year, no contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries has been made.

DIRECTORS' SERVICE CONTRACTS

No Director of the Company proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

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

During the Year, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the percentage of revenue attributable to the Group's five largest customers combined was less than 30% of the Group's aggregate revenue. During the Year, the percentage of purchases attributable to the Group's five largest suppliers combined was 38% of the Group's aggregate purchases and purchases attributable to the largest supplier included therein amounted to 10%.

None of the Directors of the Company, their close associates or any shareholders (which to the best knowledge and belief of the Directors own more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest suppliers and customers.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. To maintain its brand competitiveness and dominant status, the Group aims at delivering constantly high standards of quality in the products and services to its customers. During the Year, there was no material and significant dispute between the Group and its suppliers and/or customers.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes of the Group and the employer's retirement benefits costs charged to the consolidated statement of profit or loss for the Year are set out in Notes 2.4(z) and 8 to the financial statements, respectively.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. The Company's Corporate Governance Report is set out on pages 32 to 42.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, businesses and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties were identified by the Group, details of which are disclosed in the Company's Risk Management Report as set on pages 43 to 49. There may be other risks and uncertainties in addition to those shown in the above report which are not known to the Group or which may not be material now but could turn out to be material in the future.

ADOPTION OF DIVIDEND POLICY

The Board had approved and adopted a dividend policy for the Company in January 2019 that aims to set out the approach to determine the dividend to be payable by the Company, enhance transparency of the Company and facilitate shareholders and investors of the Company to make informed investment decisions. Details of the Company's dividend policy are disclosed in the Corporate Governance Report as set out on pages 32 to 42.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, social and governance ("ESG") issues are fundamental to the Group's sustainability. The conscientious use of resources and adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment.

The Group obliges itself to maintain business integrity and uphold ethical standards. Guided by a belief in a fair business environment where labour, competition, privacy and intellectual property are respected, the Group makes every effort to communicate its expectations and standards to its business partners, customers and staff.

The development and opinion of staff are highly valued at the Group. By engaging staff in training opportunities and ongoing dialogues, the Group keeps its ears open for suggestions. The Group has incorporated a sound employment management system to ensure a fair, safe, healthy and diverse working environment.

In times of rapid change, competitiveness is defined by flexibility and adaptability. To answer the needs of the current and future generations, the Company carefully manages its environmental impacts according to its Environmental Policy. By optimising its operational practices, the Group continues to improve its use of resources.

Striving forward, the Company will adhere to its belief in sustainable development and improve its ESG performances with time. Capitalising on a wide scope of business, the Company will aim at spreading awareness and influence in different sectors to bring us closer to sustainability.

By publishing the Company's ESG Report, the Company seizes the opportunity to disclose its sustainability performance and solicit stakeholder feedback. The Company's ESG Report is set out on pages 50 to 80.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDITOR

The financial statements for the Year were audited by Ernst & Young who will retire at the conclusion of the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment.

On behalf of the Board
John Luen Wai Lee
Chief Executive Officer

Hong Kong, 27 March 2024

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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.

During the year ended 31 December 2023 (the "Year"), the Company continued to take measures to closely monitor and enhance its corporate governance practices so as to comply with the requirements of the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the CG Code for the Year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules as the code for securities transactions by Directors. Having made specific enquiry of all Directors, all Directors have fully complied with the required standard set out in the Model Code throughout the Year.

To enhance corporate governance, the Company has also established written guidelines no less exacting than the Model Code for the employees of the Group in respect of their dealings in the Company's securities.

BOARD OF DIRECTORS

The Board currently comprises eight members (the composition of the Board is shown on page 14), including four executive Directors and four non-executive Directors of whom three are independent as defined under the Listing Rules (brief biographical details of the Directors are set out on pages 15 to 17). A list containing the names of the Directors and their roles and functions can also be found on the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

Mr. Brian Riady was appointed as an executive Director of the Company with effect from 30 March 2023. On 30 March 2023, he had obtained the legal advice referred to in rule 3.09D of the Listing Rules and had confirmed he understood his obligations as a Director of the Company.

Dr. Stephen Riady, an executive Director and the Chairman of the Board of the Company, is the father of Mr. Brian Riady, an executive Director of the Company. Save as disclosed herein, to the best knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

The Company has three independent non-executive Directors, representing more than one-third of the Board. One of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise under rule 3.10 of the Listing Rules. The Company has received from all the independent non-executive Directors the annual confirmation of independence pursuant to rule 3.13 of the Listing Rules and considers that all independent non-executive Directors have met the independence guidelines of rule 3.13 of the Listing Rules.

BOARD OF DIRECTORS *(continued)*

Messrs. Victor Ha Kuk Yung and Edwin Neo have served as independent non-executive Directors of the Company for more than nine years. In addition to their confirmation of independence in accordance with rule 3.13 of the Listing Rules, each of Messrs. Victor Ha Kuk Yung and Edwin Neo continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice. They also continue to demonstrate their abilities to exercise independent judgment and provide a balanced and objective view in relation to the Group's affairs. There is no evidence that their tenure has had any impact on their independence. The Directors have discussed and are of the opinion that Messrs. Victor Ha Kuk Yung and Edwin Neo remain independent notwithstanding the length of their service and they believe that their valuable knowledge and experience in the Group's business and their external experience continue to generate significant contribution to the Company and its shareholders as a whole. The continuous appointment of Messrs. Victor Ha Kuk Yung and Edwin Neo as independent non-executive Directors of the Company will help to maintain the stability of the Board.

To facilitate the gender diversity, Ms. Min Yen Goh was appointed as an independent non-executive Director of the Company and a member of the Remuneration Committee and Nomination Committee of the Board in December 2022.

Under the Company's Articles of Association (the "Articles"), one-third of the Directors must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors. Under the Listing Rules, if an independent non-executive Director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. All the Directors have entered into letter agreements and/or employment agreements (as applicable) with the Company setting out the key terms and conditions of their respective appointment as Directors and/or executive role in the Company.

The Board oversees the Group's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls the operating and financial performance in pursuit of the Group's strategic objectives. The Board has delegated certain functions to the relevant Board committees, details of which are disclosed below. Day-to-day management of the Group's business is delegated to the management of the Company under the supervision of the executive Directors. The functions and powers that are so delegated are reviewed periodically to ensure that they remain appropriate. Matters reserved for the Board are those affecting the Group's overall strategic policies, dividend policy, material policies and decisions, significant changes in accounting policies, material contracts, major investments and approval of interim reports, annual reports and announcements of interim and annual results. Management provides the Directors with management updates of the Group's operation, performance and position. All Directors are kept informed of and duly briefed of major changes and information that may affect the Group's businesses in a timely manner. Legal and regulatory updates are provided to the Directors from time to time for their information so as to keep them abreast of the latest rule requirements and assist them in fulfilling their responsibilities. The Company Secretary may advise the Directors on queries raised or issues which arise in performance of their duties as directors. The Board members have access to appropriate business documents and information about the Group on a timely basis. All Directors and Board committees have recourse to external legal counsel and other professionals for independent advice at the Group's expense upon their request. The Board will review the implementation and effectiveness of such mechanisms on an annual basis to ensure independent views and input are available to the Board.

BOARD OF DIRECTORS *(continued)*

The Board plays a leading role in defining the purpose, values and strategies of the Group and in fostering a culture that is forward looking. The Board sets the tone and shapes the corporate culture of the Group. The Group instils a culture that respects all the Group's stakeholders including, but not limited to, its customers, employees, shareholders and communities where the Group operates. The Group runs its businesses responsibly and sustainably. The Group aims for the highest standards of integrity and honesty and strives for innovative breakthroughs and leadership in all businesses.

Three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, have been established to oversee particular aspects of the Group's affairs.

The Board meets regularly to review the financial and operating performance of the Group and other business units, and formulate future strategy. Four Board meetings were held during the Year.

During the Year, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

Individual attendance of each Director at the Board meetings and general meeting and each committee member at meetings of the Audit Committee, the Remuneration Committee and the Nomination Committee during the Year are set out below:

	Attendance/Number of Meetings				
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting*
Executive Directors					
Dr. Stephen Riady *(Chairman)*	3/4	N/A	3/3	3/3	1/1
Mr. John Luen Wai Lee *(Chief Executive Officer)*	4/4	N/A	N/A	N/A	1/1
Mr. James Siu Lung Lee	4/4	N/A	N/A	N/A	1/1
Mr. Brian Riady (appointed on 30 March 2023)	3/3	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Leon Nim Leung Chan	4/4	3/3	3/3	3/3	1/1
Independent Non-executive Directors					
Mr. Victor Ha Kuk Yung *(Chairman of the Audit Committee)*	4/4	3/3	3/3	3/3	1/1
Mr. Edwin Neo *(Chairman of the Remuneration Committee and Nomination Committee)*	4/4	3/3	3/3	3/3	1/1
Ms. Min Yen Goh	4/4	N/A	3/3	3/3	1/1

* the only general meeting of the Company held during the Year was the annual general meeting held on 2 June 2023 (the "2023 AGM").

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer of the Company are segregated. Dr. Stephen Riady is the Chairman of the Board. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. Mr. John Luen Wai Lee is the Chief Executive Officer of the Company. The Chief Executive Officer is responsible for the day-to-day management of the Group's business. Their respective roles and responsibilities are set out in writing which have been approved by the Board.

NON-EXECUTIVE DIRECTORS

There are currently four non-executive Directors of whom three are independent. Under the Company's Articles, every Director, including the non-executive Directors, shall be subject to retirement by rotation at least once every three years. All the non-executive Directors have a fixed term of contract of two years with the Company.

REMUNERATION OF DIRECTORS

A Remuneration Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk). Following the amendments to the code provisions of the CG Code, the terms of reference of the Remuneration Committee were revised in January 2023. The Remuneration Committee has been delegated with the authority and responsibility to determine the remuneration packages of individual Directors and senior management. Senior management of the Company comprises Directors of the Company only.

The principal role of the Remuneration Committee is to exercise the powers of the Board to review and determine or make recommendations to the Board on the remuneration policy and remuneration packages of individual Directors and senior staff, including salaries, bonuses and benefits in kind. Salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group have been considered in determining the remuneration packages so as to align management incentives with shareholders' interests. During the Year, the Remuneration Committee reviewed and determined, with delegated responsibility, inter alia, (i) the remuneration packages of the Directors and senior staff; and (ii) service contracts of certain Directors (including the executive Directors). The Remuneration Committee also assessed the performance of the executive Directors.

Majority of the Remuneration Committee members are non-executive Directors and three of them are independent. The Remuneration Committee currently comprises five members including three independent non-executive Directors, namely Mr. Edwin Neo (being the Chairman of the Remuneration Committee), Mr. Victor Ha Kuk Yung and Ms. Min Yen Goh, a non-executive Director, namely Mr. Leon Nim Leung Chan and an executive Director, namely Dr. Stephen Riady. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. Three meetings were held during the Year and the individual attendance of each member is set out above.

Details of Directors' emoluments and retirement benefits are disclosed in Notes 9 and 2.4(z) to the financial statements, respectively.

NOMINATION OF DIRECTORS

The Board has the power to appoint Director(s) pursuant to the Company's Articles. Mr. Brian Riady was appointed as an executive Director of the Company on 30 March 2023. In accordance with Article 103 of the Company's Articles, Mr. Brian Riady retired and, being eligible, was re-elected as a Director of the Company at the 2023 AGM.

A Nomination Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The principal role of the Nomination Committee includes, inter alia, review of the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; assessment of the independence of independent non-executive Directors and make recommendations to the Board for the appointment of independent non-executive Directors; making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors in particular the Chairman of the Board and the chief executive; and to review the terms of reference of the Nomination Committee, the board diversity policy and the Directors' nomination policy and recommend to the Board any necessary changes required. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee and recommendation of the Nomination Committee are then put to the Board for decision. During the Year, the Nomination Committee reviewed, inter alia, the appointment of new executive Director, the eligibility of the Directors seeking for re-election at the 2023 AGM and assessed the independence of the independent non-executive Directors. The Nomination Committee also reviewed the existing structure, size, composition, diversity and efficiency of the Board. In addition, the Nomination Committee reviewed and recommended to the Board on the re-election of retiring Directors at the forthcoming 2024 annual general meeting of the Company (the "2024 AGM").

With the support and recommendation of the Nomination Committee, the Board adopted the Directors' nomination policy (the "Nomination Policy") in January 2019. The Nomination Policy aims to, inter alia, set out the criteria and process in the nomination, appointment and re-election of Directors and ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company. The Nomination Committee is responsible to identify, evaluate and recommend potential candidates to the Board. The ultimate responsibility for selection and appointment of Directors rests with the entire Board and, where applicable, subject to the approval of the shareholders in general meeting.

Any Directors or shareholders may nominate any individuals as candidates for directorship for the consideration of the Nomination Committee in accordance with the Company's Articles, any applicable policies or procedures of the Company and/or the Listing Rules from time to time. The procedures for such shareholders' nomination are published on the Company's website (www.lcr.com.hk). When assessing the suitability of a proposed candidate, the Nomination Committee will take into consideration various factors including, but not limited to, character and integrity, qualification, skills and knowledge, experience, potential contributions, board diversity, number of directorships in other listed companies, independence requirements (for independent non-executive Directors) as set out in the Listing Rules and such other perspectives that are appropriate to the Company's business and succession plan.

NOMINATION OF DIRECTORS *(continued)*

Retiring Directors eligible for re-election at general meeting and proposed candidates are requested to submit the necessary information together with their written consents to be re-elected or appointed as Directors. The Nomination Committee may use any process it deems appropriate for the purpose of evaluating the retiring Director or the proposed candidate which may include, without limitation, personal interviews, background checks, written submissions by the candidate and/or third-party references. The Nomination Committee shall then recommend the proposed re-election or appointment of Director to the Board for the Board's consideration and, where applicable, the Board will make recommendation to shareholders. The Nomination Committee may nominate a suitable candidate to fill a casual vacancy on the Board for the Board's consideration and approval. A circular containing the requisite information of candidates recommended by the Board to stand for election at the general meeting (whether as new appointment or re-election) will be sent to shareholders as required under the Listing Rules.

The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and substantial and balanced development. The board diversity policy (the "Diversity Policy") was adopted by the Board in August 2013 and revised in January 2019. A copy of the revised Diversity Policy can be found on the Company's website (www.lcr.com.hk). The Diversity Policy sets out the approach to achieve diversity on the Board which will include and make good use of the difference in skills, professional experience, cultural and educational background, gender, age, knowledge, length of service and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and all board appointments will be based on merit and contribution, having regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect. The Company will also take into account factors based on its own business model and specific needs from time to time. The Nomination Committee monitors the implementation of the Diversity Policy and will at appropriate time set measurable objectives for achieving diversity under the Diversity Policy. It will review objectives for the implementation of the Diversity Policy and monitor progress towards the achievement thereof. In carrying out its responsibility for identifying suitable candidates to become members of the Board, the Nomination Committee will give adequate consideration to the Diversity Policy and the Nomination Policy. The Nomination Committee will review the Diversity Policy from time to time as appropriate to ensure its continued effectiveness and the Board will review the implementation and effectiveness of the Diversity Policy on an annual basis. The Company believes that diversity can strengthen the performance of the Board, and promote effective decision-making and better corporate governance and monitoring.

The Company is committed to improving gender diversity based on its needs and as and when suitable candidates are identified. In December 2022, a female director was appointed. In order to maintain gender diversity, similar considerations will be taken when recruiting and selecting senior staff and other employees. As at 31 December 2023, the Group maintained a balance of male and female ratio in the workplace, details of which are set out in the Environmental, Social and Governance Report on pages 50 to 80.

Majority of the Nomination Committee members are non-executive Directors and three of them are independent. The Nomination Committee currently comprises five members including three independent non-executive Directors, namely, Mr. Edwin Neo (being the Chairman of the Nomination Committee), Mr. Victor Ha Kuk Yung and Ms. Min Yen Goh, a non-executive Director, namely Mr. Leon Nim Leung Chan and an executive Director, namely Dr. Stephen Riady. The composition of the Nomination Committee meets the requirements of chairmanship and independence of the Listing Rules. Three meetings were held during the Year and the individual attendance of each member is set out above.

DIRECTORS' TIME COMMITMENT AND TRAINING

The Company has received confirmation from each Director that he/she had sufficient time and attention to the affairs of the Company for the Year. Directors are encouraged to participate in professional, public and community organisations. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. They are also reminded to notify the Company in a timely manner of any change of such information. In respect of those Directors who would stand for re-election at the 2024 AGM, all their directorships held in listed public companies in the past three years are to be set out in the circular to shareholders regarding, inter alia, proposed re-election of retiring Directors. Other details of Directors are set out in the brief biographical details of the Directors and senior management on pages 15 to 17.

Directors are also encouraged to attend seminars and conferences to enrich their knowledge in discharging their duties as a director. The Company has arranged from time to time at its cost seminars and/or conferences conducted by professional bodies for the Directors relating to, inter alia, director's duties, corporate governance and regulatory updates. Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

(1) participation in continuous professional training seminars and/or conferences and/or courses and/or workshops on subjects relating to, inter alia, corporate governance, directors' duties and legal and regulatory changes organised and/or arranged by the Company and/or professional bodies and/or lawyers;

(2) reading materials provided from time to time by the Company to Directors regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties; and

(3) reading news, journals, magazines and/or other reading materials regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

According to the training records provided by the Directors to the Company, all Directors participated in continuous professional development during the Year through the above means (1), (2) and (3). Records of the Directors' training during the Year are as follows:

Directors	Training received
Executive Directors	
Dr. Stephen Riady *(Chairman)*	(1), (2) and (3)
Mr. John Luen Wai Lee *(Chief Executive Officer)*	(1), (2) and (3)
Mr. James Siu Lung Lee	(1), (2) and (3)
Mr. Brian Riady (appointed on 30 March 2023)	(1), (2) and (3)
Non-executive Director	
Mr. Leon Nim Leung Chan	(1), (2) and (3)
Independent Non-executive Directors	
Mr. Edwin Neo	(1), (2) and (3)
Mr. Victor Ha Kuk Yung	(1), (2) and (3)
Ms. Min Yen Goh	(1), (2) and (3)

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged directors' and officers' liability insurance for years to indemnify the directors and officers of the Group against any potential liability arising from the Group's activities which such directors and officers may be held liable.

AUDITOR'S REMUNERATION

Ernst & Young has been appointed by the shareholders annually as the Company's auditor. During the Year, the fees charged to the financial statements of the Group for the statutory audit and non-statutory audit services provided by Ernst & Young (which for the purpose includes any entity under common control, ownership or management with the auditor or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditor nationally and internationally) amounted to approximately HK$4.8 million (2022 — HK$5.3 million) and approximately HK$0.2 million (2022 — HK$0.2 million), respectively. The non-statutory audit services provided during the Year consisted of the review of the Group's continuing connected transactions and other reporting services.

AUDIT COMMITTEE

The Board established an Audit Committee in December 1998. The Audit Committee has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The Audit Committee assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting objectives. The Audit Committee is also responsible for the Company's corporate governance functions. All Committee members are non-executive Directors and two of them including the Chairman are independent. The Audit Committee comprises three members including two independent non-executive Directors, namely Messrs. Victor Ha Kuk Yung (being the Chairman of the Audit Committee) and Edwin Neo and a non-executive Director, namely Mr. Leon Nim Leung Chan. Three meetings were held during the Year and the individual attendance of each member is set out above.

The Committee members possess diversified industry experience and the Chairman of the Audit Committee has appropriate professional qualifications and experience in accounting matters. Under its current terms of reference, the Committee will meet at least twice each year. Management and auditor shall normally attend the meetings. In addition, the Audit Committee holds regular meetings with external auditor without the presence of executive Directors and/or management.

During the Year, the Audit Committee discharged its duties by reviewing and/or monitoring financial, audit, risk management, internal control and corporate governance matters of the Group, including management accounts, financial statements, interim and annual reports, corporate governance report, risk management report and internal audit reports and discussing with executive Directors, management, external auditor and internal audit and risk management department (the "IA & RM Department") regarding financial matters, corporate governance policies and practices and internal audit, control and risk management matters of the Group, and making recommendations to the Board including, inter alia, financial-related matters. The Audit Committee reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report, the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices in compliance with legal and regulatory requirements and the code of conduct applicable to employees and Directors. The Audit Committee also recommended to the Board that, subject to the shareholders' approval at the 2024 AGM, Ernst & Young be re-appointed as the Company's external auditor for the ensuing year; and reviewed the fees charged by the Company's external auditor.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises its responsibility for maintaining adequate systems of risk management and internal control and is responsible for evaluating and determining the nature and extent of the risks (including risks relating to environmental, social and governance ("ESG")) it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems. It also reviews and monitors the effectiveness of the risk management and internal control systems on an ongoing basis.

During the Year, a review of the effectiveness of the Group's risk management and internal control systems covering the risk management functions and all material controls, including financial, operational and compliance controls was conducted, details of which are set out in the Risk Management Report on pages 43 to 49. Such review will be conducted on an annual basis.

An Inside Information Policy was adopted by the Company which sets out guidelines to the Directors, officers and all relevant employees of the Group to ensure inside information (as defined in the Listing Rules) (the "Inside Information") of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations. The Company also established Group Internal Notification Policies and Procedures for setting out guidelines for identification and notification of Inside Information and notifiable transactions (as defined in the Listing Rules). A Whistleblowing Policy and an Anti-corruption Policy were also adopted by the Group. In December 2023, the Whistleblowing Policy was reviewed and updated. A copy of the updated Whistleblowing Policy can be found on the Company's website (www.lcr.com.hk).

During the Year, the Board reviewed the adequacy of resources, qualifications and experience of staff of the Company's internal audit function as well as its accounting and financial reporting function, and their training programmes and budgets, as well as those relating to the ESG performance and reporting. The review will be conducted annually in accordance with the requirements of the CG Code.

INTERNAL AUDIT

The IA & RM Department was set up in 2007 to perform internal audit and to review the internal control and risk management systems of the Group.

The principal roles of the internal audit are to ensure the effectiveness of internal control procedures and compliance with different standards and policies across different businesses and operations of the Group. The IA & RM Department audits and evaluates the Group's internal control operation and risk management process so as to address the financial, operational and compliance risks in the Group. The Board and the Audit Committee will actively take actions based on the findings from the IA & RM Department. The IA & RM Department is also responsible for providing improvement recommendations to different operation teams and departments so as to minimise the risk exposure in the future.

COMPANY SECRETARY

The Company Secretary is an employee of the Company. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. During the Year, the Company Secretary had taken over 15 hours of relevant professional training to update her skills and knowledge.

COMMUNICATION WITH SHAREHOLDERS

The Company has established a shareholders' communication policy and will review it annually to ensure its effectiveness. In March 2023, the shareholders' communication policy of the Company was revised and updated.

The Company's Annual General Meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Board members, including the Chairmen of the Board and Board committees and Board committee members, and the Company's external auditor attended the 2023 AGM and were available to answer questions from shareholders.

Under the Listing Rules, all resolutions proposed at shareholders' meetings must be voted by poll except where the chairman of a general meeting, in good faith and in compliance with the Listing Rules, decides to allow resolutions to be voted on by the shareholders on a show of hands. Details of the poll procedures will be explained during the proceedings of shareholders' meetings. The poll voting results will be released and posted on the websites of the Company (www.lcr.com.hk) and the Stock Exchange (www.hkexnews.hk).

For efficient communication with shareholders and environmental protection, shareholders can choose to receive the Company's corporate communications by electronic means through the Company's website (www.lcr.com.hk). The manner in which the Company has adopted for the dissemination of its corporate communications is set out in the document named "Corporate Communication Requests" on the Company's website. All the financial information and other disclosures including, inter alia, annual reports, interim reports, announcements, circulars, notices, the Articles and other documents as required by the Listing Rules and any other relevant laws and regulations are available on the Company's website. In order to enable shareholders to make queries that they may have with respect to the Company, contact details of the Company such as telephone number and facsimile number are available on the Company's website.

Shareholders may direct their questions about their shareholdings to the Company's Registrar, Tricor Tengis Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong or contact the Customer Service Hotline of the Company's Registrar at (852) 2980 1333. Shareholders may send their enquiries to the Board or the Company Secretary in written form to the registered office of the Company.

During the Year, the Company maintained an on-going dialogue with its shareholders and the Board reviewed and considered the shareholders' communication policy to have been effectively implemented.

SHAREHOLDERS' RIGHTS

Under Section 566 of the Hong Kong Companies Ordinance (the "Companies Ordinance"), shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at the general meetings are entitled to send a request to the Company to convene a general meeting. Such requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the Company in hard copy form or in electronic form and must be authenticated by the shareholder(s) making it and deposited at the registered office of the Company or sent to the Company's email address at lcr.ir@lippohk.com. Besides, in relation to an annual general meeting which a company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that shareholders representing at least 2.5% of the total voting rights of all shareholders of the company having a right to vote on the resolution at the annual general meeting or at least 50 shareholders having a right to vote on the resolution at the annual general meeting, may request the company to circulate a notice of the resolution for consideration at the annual general meeting, by sending a request, which must be authenticated by the shareholders making it, in a hard copy form or electronic form. Such request must be deposited at the registered office of the Company or sent to the Company's email address at lcr.ir@lippohk.com.

DIVIDEND POLICY

The Company considers stable and sustainable returns to the shareholders and investors of the Company to be its goal and endeavours to achieve a progressive dividend policy where appropriate. The Board had approved and adopted a dividend policy for the Company (the "Dividend Policy") in January 2019 that aims to set out the approach to determine the dividend to be payable by the Company, enhance transparency of the Company and facilitate shareholders and investors of the Company to make informed investment decisions.

In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account the Group's earnings performance, financial position, investment and funding requirements, and future prospects. There is no assurance that a dividend will be proposed or declared in any given year.

The Board will review the Dividend Policy from time to time to ensure its continued effectiveness.

FAIR DISCLOSURE AND INVESTOR RELATIONS

The Company uses its best endeavours to distribute material information about the Group to all interested parties as widely as possible. When announcements are made through the Stock Exchange, the same information will be available to the public on the Company's website. The Company recognises its responsibility to disclose its activities to those with a legitimate interest and to respond to their questions. In all cases, great care has been taken in handling Inside Information of the Group. An Inside Information Policy was adopted by the Company which sets out guidelines to ensure Inside Information of the Group is to be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations.

Management of the Group maintains regular contacts with the investment community. A shareholders' communication policy was adopted by the Group.

During the Year, no amendments were made to the Company's Articles. The latest version of the Company's Articles is available on the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

FINANCIAL REPORTING

The Board recognises its responsibility to prepare the Company's financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, Listing Rules and other regulatory requirements. As at 31 December 2023, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board selected appropriate accounting policies and applied consistently. Judgments and estimates were reasonably and prudently made. The external auditor is responsible for audit and report, if any, material misstatement or non-compliance with Hong Kong Financial Reporting Standards or other regulations. The Board uses its best endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

The responsibilities of the auditor with respect to financial reporting are set out in the Independent Auditor's Report on pages 81 to 85.

CORPORATE SOCIAL RESPONSIBILITY

The Group is conscious of its role as a socially responsible group of companies. It cares for and supports the communities where it operates. The Group has made donations for community well-being from time to time.

Risk Management Report

Effective risk management is essential for the Company and its subsidiaries (together, the"Group") to take the appropriate level of risks and opportunities in pursuing its strategic and business goals. The Group is committed to the continuous improvement of the enterprise risk management ("ERM") system in order to facilitate the long-term growth and sustainability of its businesses. Given the increasing significance of Environmental, Social and Governance ("ESG") risks, the Group has integrated ESG risk factors into risk management process since 2018.

The Group's ERM framework is established with reference to the Enterprise Risk Management — Integrated Framework issued by COSO and the ISO 31000 Risk Management — Principles and Guidelines, which comprises 3 key components:

1. Risk Management Strategy;

2. Risk Governance Structure; and

3. Risk Management Process.

RISK MANAGEMENT STRATEGY

The Group recognises the importance of a proactive risk culture to the effective implementation of ERM system. In order to foster the desired risk culture, the Group has integrated the ERM system into various parts of the business and day-to-day operation processes and the Group aims to achieve the following objectives through the risk management activities:

- Promote corporate governance with a sound system of internal controls

- Embed a systematic approach to identify risks

- Enable the Group to strike the right balance between risks and rewards by making risk informed decisions in accordance with the Group's business objectives and risk appetite

- Ensure the adequacy and effectiveness of risk controls in place to manage key risks

- Ensure compliance with the relevant legal and regulatory requirements

RISK GOVERNANCE STRUCTURE

The Group's risk governance structure provides the foundation for an effective risk monitoring and management. The roles and responsibilities of each layer are clearly established to ensure a thorough understanding among all the personnel within the Group.

The key roles and responsibilities of each layer are listed below:

Board Supervision

The Board of Directors (the "Board")

- Take the overall responsibility to oversee the ERM and internal control systems on an ongoing basis

Audit Committee empowered by the Board

- Determine the Group's overall risk appetite and establish appropriate culture throughout the Group for effective risk governance
- Review and approve risk criteria adopted by senior management to ensure that they are aligned with the Group's risk appetite
- Oversee the risk exposure of various types including the mitigation strategies
- Provide supervision on the ERM and internal control systems and review their adequacy and effectiveness at least annually

RISK GOVERNANCE STRUCTURE *(continued)*

Risk Leadership

Senior Management

- Provide overall leadership in risk management activities, via the Risk Management Steering Group (the "ERM Steering Group")

ERM Steering Group led by Senior Management

- Establish risk criteria
- Assess the group level material risks and review the entity level risk profile periodically
- Determine and assign sufficient resources to implement the Group's ERM framework and manage risks within the Group
- Update periodically the Audit Committee with the Group's risk profile and status of risk treatment plans for key business risks
- Ensure the annual review of adequacy and effectiveness of the ERM system

Risk Facilitator

Group ERM Team

- Implement the Group's ERM policies and plans formulated by the ERM Steering Group
- Develop necessary tools and templates for risk assessment, risk treatment plan and risk reporting
- Cascade and facilitate the risk management process and activities across all business entities and departments
- Follow up on the implementation of risk treatment plans and ensure the internal controls and risk mitigations are properly designed and implemented

RISK GOVERNANCE STRUCTURE *(continued)*

Risk and Control Ownership

Business Entities and Departments

- Identify and review changes in risks in line with changes in the business environment
- Analyse risks and identify appropriate controls or risk treatment plans to address the risks
- Responsible for risk management activities and reporting in their businesses or operations
- Perform risk and control self-assessment activity to evaluate the effectiveness of ERM and internal control systems for their respective entities

Independent Assurance

Internal Audit and Risk Management Department

- Conduct audit projects on various entities and functions across the Group and provide independent review on the adequacy and effectiveness of the internal control and ERM systems

RISK MANAGEMENT PROCESS

The Group's risk management process provides a systematic approach to manage risks. The following diagram illustrates the key activities in the process.

Establish Context	Identify Risks	Analyse and Evaluate Risks	Treat Risks	Report and Monitor Risks
The Group establishes risk assessment criteria and risk matrix to cascade the risk appetite across the Group and provides referencing risk inventory	Respective business entities and the Group's management identify the risks in their areas of businesses or operations	Respective business entities and the Group's management assess the likelihood and impact of the risks, determine acceptance and prioritise the risks	Respective business entities and the Group's management evaluate the existing risk controls and formulate risk treatment plan if appropriate	Respective business entities and the Group's management report the risk profile regularly to appropriate level of authority and maintain ongoing monitoring

CONTINUOUS IMPROVEMENT

The Group continues to strive for improvement on its ERM system and has taken a series of actions during the year ended 31 December 2023 (the "Year"):

- Revised ERM reporting template
- Discussed risk management improvement initiatives across different levels of the Group
- Provided risk management training to the risk owners
- Reviewed and integrated ESG risk factors into ERM process
- Reviewed the Company's policies and updated the Whistleblowing Policy to strengthen the Group's commitment to integrity and accountability

MATERIAL RISKS

The Group faces a number of risks and uncertainties that, if not properly managed, could create an exposure for the Group. These risks are classified into 4 main categories:

Strategic	—	Risk resulting from suboptimal determination and execution of business strategies or changes in external business environment
Operational	—	Risk of potential financial losses and/or business instability arising from failures in internal controls, operational processes, or in the system that supports them
Financial	—	Risk resulting from financial and reporting activities and/or use of financial instruments
Compliance	—	Risk of non-compliance with any internal requirements/standards, legal/regulatory requirements and/or any related third-party legal actions/disputes

MATERIAL RISKS *(continued)*

During the Year, the Group conducted risk review from the Group's perspective and on the risk profile submitted by the underneath business entities. Through this combined top-down and bottom-up risk review process, the Group has identified the material risks of various business segments for the Year and striving to mitigate these risks. The major identified risks are summarised below:

A. Food Business

Risks	Examples of Response Taken
Operational — Work Safety Risk[1] The risk of accident, real or perceived threat to health and safety, impacting the Company's health and safety goal and reputation or exposing the Group to extra financial burden.	• Established Health and Safety Committees to oversee occupational health and safety across the operations as well as updated the safety policies and procedures to ensure compliance with all relevant law and regulations. • Provided staff with safe work procedure guidebooks and trainings such as occupational first aid course and bizSAFE programme in Singapore to equip the staff with relevant skills and knowledge to conduct risk assessment and ensure correct processes at work to prevent workplace injuries. • Regular and surprise safety inspections are conducted to ensure a clean and safe working environment. • Checked the first aid box in workplace and stores regularly to ensure the required contents are adequate and in good condition.
Operational — Talent Attraction and Retention Risk[2] The risk of failure to recruit and retain qualified staff, impacting the business operation and achievement of business objectives.	• Provided adequate trainings and support to the staff to improve service quality and advance their careers. • Rolled out a "Young Star Leader Program", the participants are cultivated with essential leadership qualities and built closed bonding among the team. • Recruitment advertisements placed in different channels. • Conducted salary benchmarking. Optimised salary structure and provided a series of special benefits, allowances and incentives for employees in different brands and functions. • Applied technology to streamline the workflow, such as installed the table order system in certain retail stores that allows customers to see menus, place orders and make payments by scanning the QR code at their table.

1 Material risk identified with ESG aspects, please refer to Section 4.3 of the ESG Report for more details.

2 Material risk identified with ESG aspects, please refer to Section 4 of the ESG Report for more details.

MATERIAL RISKS *(continued)*

B. Group Operation and Property Investment

Risks	Examples of Response Taken
Operational **— Natural Disaster Risk[3]** The risk of extensive damage in network facilities caused by storm, flood, landslide and other extreme weather phenomenon due to climate change impacting the Group's ability to sustain operation and/or loss of critical data and/or information.	• Performed periodic system back up. • Established business continuity plan covering different disaster scenarios. • Arranged appropriate insurance coverage for different disaster scenarios.

REVIEW OF ERM AND INTERNAL CONTROL SYSTEMS

During the Year, the Board, through the Audit Committee, has reviewed the adequacy and effectiveness of the ERM and internal control systems based on:

1. Regular ERM progress reports on the status of implementation;

2. Regular risk reports on the Group's material risks and entities' risk profile including key mitigations;

3. Risk and control self-assessment by various entities;

4. Regular audit reports by the Internal Audit and Risk Management Department for audit evaluation of the internal controls and key findings with relevant recommendations;

5. Consideration on the adequacy of resources, staff qualifications and experience, training programmes and budgets of the accounting, financial reporting, internal audit and risk management functions as well as those relating to ESG performance and reporting;

6. Consideration on the scope and quality of management's ongoing monitoring of the systems; and

7. Consideration on the extent and frequency of communication and reporting to the Board and Audit Committee on the risk management results and risk issues.

As a result of the review, the Board, with the confirmation from the Management of the Group, considered the ERM and internal control systems to be effective and adequate for the Year. However, it should be acknowledged that the systems are designed to manage rather than to eliminate the risks of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

[3] Material risk identified with ESG aspects, please refer to Section 5 of the ESG Report for more details.

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

This Environmental, Social and Governance ("ESG") Report (the "ESG Report") presents the performance of the Company and its subsidiaries (together, the "Group") on ESG aspects for the year ended 31 December 2023 (the "Year" or "2023"). By reporting the policies, measures and performance of the Group in ESG aspects, it allows all stakeholders to better understand the progress of the Group towards sustainability.

1.1. Reporting Boundary

The ESG Report covers the operation of the Company's head office in Hong Kong and its subsidiaries in food businesses, property development, property investment and property management and management services for the Year, details of which are as disclosed hereinbelow. While the ESG Report does not cover all of the Group's operations, the aim of the Group is to consistently upgrade the internal data collection procedure and gradually expand the scope of disclosure.

Segments	Subsidiaries covered in the reporting boundary
Food businesses	• Auric Pacific Group Limited • Auric Pacific Food Industries Pte. Ltd. • Sunshine Bread Sdn Bhd ("Sunshine Bread")[1] • Cuisine Continental Group (HK) Ltd. ("CC Group")[2] • Cuisine Continental (HK) Limited ("CCHK")[3] • Delifrance Singapore Pte. Ltd. ("Delifrance Singapore")[4] • Maxx Coffee Singapore Pte. Ltd. ("Maxx Coffee") • LCR Catering Services Limited ("LCRC")[5]
Property development, property investment and property management	• 福建莆田忠信物業管理有限公司 (Fujian Putian Zhong Xin Property Management Limited) • 福州力寶商業顧問有限公司 (Fuzhou Lippo Commercial Consultants Limited)
Management services	• 北京力寶商業顧問有限公司 (Beijing Lippo Commercial Consultants Limited) • LCR Management Limited

1 Sunshine Bread is engaged in manufacturing and distribution of bread, cakes and other bakery products in Malaysia and Singapore.
2 CC Group operates the brands of "Délifrance", "alfafa" and "Chatterbox Express" in Hong Kong.
3 CCHK operates the brands of "Chatterbox Café" and "alfafa" in Hong Kong.
4 Delifrance Singapore operates the brand of "Délifrance" in Singapore.
5 LCRC operates "Lippo Chiuchow Restaurant" in Hong Kong.

1. ABOUT THIS REPORT *(continued)*

1.2. Reporting Standard and Principles

The ESG Report was prepared in accordance with the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In preparation for the ESG Report, the Group adheres to the reporting principles as set out in the ESG Reporting Guide:

Reporting Principles	The Group's Applications
Materiality	Material ESG issues were identified and prioritised through stakeholder engagement, review of local and international standards and issues of significance to peers. The materiality assessment was presented to the Board of Directors of the Company (the "Board"). Relevant contents are disclosed in the ESG Report.
Quantitative	The Group records and discloses key performance indicators in quantitative terms as appropriate.
Balance	The ESG Report discloses information in an objective manner, giving stakeholders an unbiased picture of the Group's overall ESG performance.
Consistency	As far as practicable and unless stated otherwise, the Group employs consistent measurement methodology to allow for meaningful comparison of ESG data over time.

1.3. Confirmation and Approval

Information in the ESG Report was sourced from the official documents, statistical data and management and operational information collected by the Group. The ESG Report was approved by the Board on 27 March 2024.

1.4. Opinion and Feedback

The Group values the opinions of stakeholders. If any stakeholder has any feedback or suggestions on the ESG Report, please send them to the registered office of the Company at 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong or the Company's email address at lcr.ir@lippohk.com. Your feedback or suggestions would greatly help the Group continuously improve its ESG performance.

2. APPROACH TO ESG

The Group takes a holistic approach to ESG issues through robust management practices and has made ongoing progress in integrating ESG considerations into operational decision-making during the Year. We will continue progressing in these areas while striving to deliver long-term value for our stakeholders.

2.1. Governance Structure

The Board holds ultimate responsibility for overseeing the Group's ESG-related matters, including policies, strategies, measures, performance and risks, which are assessed and reviewed by the Board during regular board meetings as appropriate.

The ESG working group, composed of representatives from business divisions and the compliance team, supports the Board in identifying, evaluating and managing significant ESG-related matters, as well as formulating relevant ESG strategies. The working group also ensures that policies adhere to applicable regulations and works closely with different departments to monitor ESG performance. On a regular basis, the working group evaluates the Group's ESG performance, carries out materiality assessment and reports to the Board annually. To better prepare the Group for future challenges and opportunities, it is on the Group's agenda to continue enhancing its ESG governance and develop sustainability strategies more comprehensively.

2.2. ESG Risk Management and Internal Control Systems

The Group recognises that effective risk management is a vital aspect of its daily operations and robust corporate governance. Considering the growing importance of ESG risks, the Group has incorporated ESG risk factors into its enterprise risk management process. Internal controls and a formal review process have been established to ensure the accuracy and reliability of information presented in the ESG report.

The Board holds the overall responsibility for maintaining appropriate and effective risk management and internal control systems. The Group's risk governance structure and management process span all business entities and departments. Empowered by the Board, the Audit Committee of the Company reviews and approves risk criteria, oversees risk exposure and assesses the adequacy and effectiveness of the systems.

To enhance risk awareness among business entities and departments, relevant risk management training sessions were provided to the Directors and the risk owners throughout the Year.

For more detailed information about the Group's risk governance structure, management strategy and major identified risks, please refer to the Risk Management Report on page 43 to 49.

2. APPROACH TO ESG *(continued)*

2.3. Business Ethics

Long-term and sustainable development depends on honesty, integrity and fairness, which are our core values in operating the business. The Group strives to maintain the highest ethical and moral standards across our operations and complies with all relevant laws, regulations and policies.

(a) Anti-corruption

Anti-corruption Policy sets out the basic standard of behaviour expected from all directors and staff of the Group. It covers topics such as prevention of bribery, corruption, extortion and fraud, as well as relationships with suppliers, contractors and customers. This policy provides guidance in various situations, such as accepting and offering advantages, accepting gifts, unusual discounts and entertainment, dealing with conflicts of interest and handling confidential information. All employees must comply with the requirements under the policy, act ethically and uphold honesty and integrity in business operations.

For subsidiaries such as CC Group and CCHK, the Group's Anti-corruption Policy would be explained to the new employees for head office staff and new restaurant managerial staff during the induction program and anti-corruption or ethics training offered by the Independent Commission Against Corruption ("ICAC") would be arranged periodically.

During the Year, the Group did not identify any non-compliance cases with laws and regulations in relation to corruption, bribery, extortion, fraud and money laundering, nor was there any concluded legal case regarding corruption practices brought against it or its employees that would have a significant impact on the Group.

(b) Data privacy and intellectual property rights

The Group is dedicated to protecting customer data privacy and respecting the intellectual property rights of third parties. The Product and Service Responsibility Policy outlines the guiding principles for safeguarding customer data and third-party intellectual property. Employees must adhere to all relevant laws and regulations when handling confidential information. To preserve confidentiality, the Group only collects and keeps information about its suppliers and customers that is necessary for business activities. Prior to data collection, informed consent is obtained from relevant stakeholders to ensure they understand the purpose and usage of the collected data.

2. APPROACH TO ESG *(continued)*

2.3. Business Ethics *(continued)*

(b) Data privacy and intellectual property rights (continued)

For subsidiaries such as CC Group, CCHK, Delifrance Singapore and Maxx Coffee that hold personally identifiable customer information, specific privacy policies and operating procedures that govern the collection, use, retention, access, communication and disclosure of such information are in place. The policies are publicly available on the relevant companies' website for easy access by customers and the public. Customers can contact the data protection officer or customer service department to make an inquiry or withdraw their consent.

The Group has implemented a range of security measures by employing technologies and processes to control access. All data are handled by designated employees to avoid unauthorised or accidental access, handling, deletion, loss or use of such data. Security capabilities, such as monitoring systems, alerting and incident response, are also employed. Important data are encrypted and regular data backups are performed.

(c) Whistleblowing Policy

The Group is committed to the high standards of openness, probity and accountability. A Whistleblowing Policy has long been maintained to ensure that our business affairs comply with our corporate policies and applicable laws. The policy sets out the procedures for reporting any suspected misconduct, malpractice or irregularity confidentially without fear of reprisals to ensure fair treatment of whistleblowers. The Group has established dedicated communication channels, such as email addresses and phone numbers, for employees or third parties to raise their concerns. Whistleblowing reports can be addressed to managers, department heads, the head of the Internal Audit and Risk Management Department ("IA & RM Department"), the Chief Executive Officer, or the Audit Committee, depending on the circumstances.

The Audit Committee of the Company is responsible for overseeing the whistleblowing procedure and investigating the reports received. This process is facilitated with the assistance of the IA & RM Department. The Whistleblowing Policy undergoes periodic reviews by the head of the IA & RM Department to ensure its effective monitoring and implementation.

During the Year, the Whistleblowing Policy was updated to strengthen the Group's commitment to integrity and accountability further and there were no whistleblowing cases reported. The updated Whistleblowing Policy was published on the Company's website (www.lcr.com.hk).

2. APPROACH TO ESG *(continued)*

2.4. Stakeholder Engagement

The Group has engaged with our stakeholders to gain an understanding of their needs and expectations, incorporating their viewpoints into our strategic decision-making processes through ongoing and open dialogue. We greatly value the trust and support of our stakeholders and the Group has established multiple engagement channels to encourage them to share their opinions and provide feedback. These interactions are valuable and allow us to identify and pursue common goals together.

Stakeholders		Engagement Channels
Internal	The Board	• Regular board meetings
	Management	• Regular communication and updates from management
	General staff	• Internal communication platforms (for example intranet and email) • Team meetings and presentations • Training and development opportunities • Grievance mechanism
External	Investors and shareholders	• Annual General Meeting and Results Announcements • Annual report and interim report • Investor meetings • Corporate website and the Stock Exchange website
	Customers	• Customers complain and feedback system • Customer service channels (for example helpline, WhatsApp and email)
	Business partners, suppliers and service providers	• Tendering and procurement processes • Briefings, meetings and visits • Supplier assessment and performance reviews
	Auditors	• Regular meetings and discussions • Attendance at Audit Committee meetings
	Bankers	• Periodic meetings and discussions • Participation in banking events
	Communities	• Donations and sponsorships for community projects • Public or community event participation • Volunteering opportunities
	Non-governmental organisations	• Joint events and collaborations • Partnerships for social or environmental initiatives
	Media	• Media interviews and press releases • Feedback and responses to media enquiries

2. APPROACH TO ESG *(continued)*

2.5. Materiality Assessment

The Group engaged an independent consultant to conduct a materiality assessment for the Year to review and inform our ESG approach and reporting. The analysis identified and prioritised the material issues deemed significant and impactful to our business, stakeholders and strategy.

1. Identification

- Reviewed our sustainability-related practices and the results from last year's materiality assessment exercises.
- Incorporated updates from local and international reporting standards.
- Benchmarked our ESG approach against peers.
- Identified 21 material ESG issues.

2. Prioritisation

- Prioritised issues that are material to the Group based on the local and international sustainability reporting standards and trends, results of industry peers and desktop research.

3. Validation

- Presented the prioritised list of material issues to the Board and management for discussion and validation.

2. APPROACH TO ESG *(continued)*

2.5. Materiality Assessment *(continued)*

Material ESG issues	Ranking
Governance and Operations	
Corporate governance	16
Anti-corruption and whistleblowing	2
Safety and quality management	1
Customer communication	15
Responsible marketing	18
Information security and data privacy	4
Protection of intellectual property rights	21
Supply chain management	6
Social	
Diversity and equal opportunities	13
Employee compensation, wellness and engagement	3
Employee health and safety	5
Development and training	14
Labour standards	11
Community investment	17
Environmental	
Air emissions and greenhouse gases emissions management	19
Waste management	9
Energy efficiency	8
Water stewardship	12
Packaging materials management	7
Environmental mitigation	20
Climate action	10

A total of 21 material topics were identified, evaluated and prioritised. Some material topics considered previously were consolidated with related topics, while some topics were renamed for better clarity. "Corporate governance" was introduced as a new material topic and the ranking of some topics, such as "energy efficiency" and "climate action", was also adjusted to reflect the stakeholders' growing concerns on these topics. The outcomes of the materiality assessment serve as a reference for refining our ESG goals and targets, helping us allocate resources more effectively to create shared value for the Group and our stakeholders.

3. CUSTOMERS AND SUPPLIERS

The Group is committed to delivering high-quality and reliable products and services to create long-lasting customer relationships. The Product and Service Responsibility Policy guides our approach across the supply chain from sourcing to delivery, complying with laws and regulations relating to privacy matters, health and safety, advertising and labelling. This integrated focus on responsible products, efficient operations and valuable customer experience helps the Group deliver sustainable value to stakeholders in the long run.

3.1. Safety and Quality Management

(a) Food businesses

Food safety and quality have always been a priority to the Group and form the foundation of building and sustaining our customers' trust. The subsidiaries in the food businesses have implemented various management systems to ensure potential food safety risks are systematically identified, assessed and monitored on an ongoing basis across our supply chain and production processes, as well as compliance with the respective regulations of the countries where the Group operates. For example, Sunshine Bread adopted the following management systems and attained the relevant certificates.

- ISO 9001 Quality Management System
- FSSC 22000 Food Safety System
- Good Manufacturing Practices (GMP)
- Hazard Analysis and Critical Control Point (HACCP) System

To ensure effective monitoring of quality control, the food businesses of the Group have established standardised procedures for handling ingredients and production that guarantee food quality. These procedures are designed to ensure that the products sold meet the Group's quality standards as well as the regulatory health and safety requirements. Regular audits are conducted to verify whether the food safety requirements are being met. The key quality monitoring procedures are highlighted below.

3. CUSTOMERS AND SUPPLIERS *(continued)*

3.1. Safety and Quality Management *(continued)*

(a) Food businesses (continued)

Supplier assessment	• Conduct evaluation on new and existing suppliers by document review • Evaluate performance and compliance of existing suppliers through audits
Materials inspection and storage	• Perform assessment in accordance with the established acceptance criteria for receiving raw materials, including raw ingredients, dry ingredients, seasoning and packaging • Ensure materials are kept in appropriate locations and temperatures according to the product categories
Production	• Staff are required to follow proper operating procedures and maintain personal hygiene and cleanliness when carrying out daily production duties • Properly clean and maintain production facilities and equipment
Quality assurance	• Perform laboratory testing regularly to ensure the microbiological quality of end products and goods for sale at stores meet regulatory requirements, where applicable
Logistics	• Ensure the condition of warehouse, storage areas and delivery fleet, if any, are properly maintained and cleaned
Retail	• Conduct regular quality assessment of retail stores

To uphold food safety standards at the retail level, subsidiaries such as CC Group and CCHK regularly conduct assessments to evaluate various aspects, including food preparation procedures, food hygiene and personal hygiene practices, customer service and cleanliness and maintenance of the premises. If any non-compliance is identified, responsible staff are assigned to implement necessary improvements.

During monthly training sessions, assessment results, customer complaints related to product quality and improvement actions are shared with store managers. If potentially unsafe or non-compliant products are identified or a recall is required, the Group has a controlled and systematic procedure for employees to follow. The procedure is regularly reviewed to ensure it remains effective. The respective departments are responsible for identifying and segregating the problematic products, evaluating the issues and initiating corrective actions. Upon receiving a complaint or feedback regarding the product, the relevant department will promptly investigate and report to the management to initiate the recall procedures and avoid recurring similar issues. During the Year, there were no incidents in which the products sold were subject to recalls for safety and health reasons.

3. CUSTOMERS AND SUPPLIERS *(continued)*

3.1. Safety and Quality Management *(continued)*

(a) Food businesses (continued)

To maintain good indoor air quality for customers, CC Group and CCHK have performed regular cleaning and maintenance of air-conditioners at the stores as well as installed advanced air filtration systems with high-efficiency particulate air (HEPA) filters and plasma filters to capture microscopic particles before they circulate through ventilation ducts.

For Sunshine Bread, it strictly follows all Islamic and legal requirements as prescribed by the Department of Islamic Development Malaysia ("JAKIM") for the Halal certification of its products in Malaysia. It has established an internal Halal Committee responsible for overseeing the application of Halal standards and procedures. It assures customers that every product manufactured and distributed in Malaysia is Halal certified.

(b) Property development, property investment and property management

The Group strive to enhance the well-being and safety of our customers and tenants. Standard procedures are established to uphold hygienic conditions in common areas and address any pest issues effectively. To maintain the smooth operation of essential systems, the Group employed property management contractors to perform regular maintenance, servicing and repairing all mechanical systems and fixtures within the buildings.

Furthermore, the Group recognises the significance of being prepared for potential emergencies. It has developed emergency response plans that outline protocols for handling emergencies, such as fires and natural disasters, providing an additional layer of protection for tenants and enabling them to respond swiftly in times of crisis. While the Group did not have any ongoing property projects under development during the Year, and product health and safety, as well as quality project management, were not considered as material issues for the property development segment, the Group remains dedicated to upholding the highest standards of safety and quality across our operations.

During the Year, there were no reported incidents of non-compliance related to health and safety relating to products and services provided.

3. CUSTOMERS AND SUPPLIERS *(continued)*

3.2. Responsible Marketing

The Group is committed to responsible advertising and labelling of its products and services. Clear and accurate communication with our customers is crucial to building trust. The Group's marketing channels and materials, from digital platforms to printed collateral and product packaging, clearly display important product information. Product labels are crafted to provide customers with proper instructions for safe usage and storage and inform them about ingredients, allergens, shelf-life dates and other important facts. Employees are trained in responsible marketing practices, including adhering to regulations, avoiding false or deceptive claims and respecting customers' privacy.

During the Year, there were no reported incidents of non-compliance related to advertising, labelling and privacy matters relating to products and services provided.

3.3. Customer Communication

The Group always puts customer satisfaction first and customers are at the heart of everything we do. The Group has developed multiple channels to listen to its customers' opinions and gather feedback, such as questionnaires, emails, hotlines and social media platforms, intending to maintain positive customer relationships.

Customer feedback is essential for improving our services and developing better products. Any complaints received are treated with utmost seriousness and a dedicated customer service team is dedicated to thoroughly investigating each complaint. The Group views customer complaints as opportunities to enhance the overall customer experience. Feedback from complaints is carefully analysed to identify areas for change and prevent similar issues in the future.

To further enhance customer service, subsidiaries like CC Group and CCHK conduct sharing sessions for restaurant managers, equipping them with valuable insights on addressing common customer inquiries and concerns related to products and services.

3. CUSTOMERS AND SUPPLIERS *(continued)*

3.4. Supply Chain Management

The Group places great importance on sustainable supply chain management. The Sustainable Supply Chain Policy outlines the expectations for suppliers to adhere to ethical, social and environmental standards. Subsidiaries are required to follow procurement practices that align with this policy. Key evaluation criteria are as follows:

Pillars	Considerations in the supplier selection process
Business Ethics	• Business code of conduct • Policies related to regulatory compliance • Policies related to the protection of employee rights • Awards or accreditation obtained related to caring of people • Compliance with laws and regulations related to business ethics, environmental and social responsibility
Product/Service Safety and Quality	• Quality management system in place • Quality assurance function • Awards or accreditation obtained related to product or service
Work Health and Safety	• Health and safety management system in place • Health and safety policy established • Health and safety training provided to their staff • Good record of low incident rate • Awards achieved related to health and safety
Environmental Management	• Environmental management system • Environmental policy established • Environmental-related awards achieved

Preference is given to those suppliers who demonstrate strong credentials in the four pillars above. Ongoing monitoring and regular review of suppliers' performance are conducted to ensure they meet requirements over time.

The Group encourages local and diverse sourcing where possible to promote sustainability within the supply chain. Subsidiaries are advised to involve small businesses, voluntary organisations, community service providers, ethnic minority organisations and social enterprises in their selection processes and consider them potential suppliers.

To support sustainable procurement practices, subsidiaries in the food businesses are expected to prioritise environmentally friendly products and services to reduce environmental impacts, such as ingredients and materials that are organic, seasonal, fair trade and certified by the Marine Stewardship Council ("MSC") and Aquaculture Stewardship Council ("ASC"), as well as packaging materials certified by the Forest Stewardship Council ("FSC"). These actions contribute to the Group's commitment to sustainable procurement and its efforts to promote responsible sourcing within its operations.

4. PEOPLE

Human capital is the core pillar of maintaining long-term and sustainable development. The Group cares about the employees and strives to create a safe, engaging and diverse working environment that allows greater communication and development for our people coming from different cultural backgrounds. The Group strictly complies with all applicable labour and human rights laws and regulations in all locations where it operates.

The Group's Human Resource Policy outlines its commitment to prohibiting child labour and forced labour, providing a discrimination-free workplace, encouraging a diverse and inclusive culture, supporting employees' development and creating a safe and healthy working environment. By protecting the rights and interests of the employees, we empower them to realise and unleash their full potential and grow along with the Group.

4.1. Employee Compensation, Wellness and Engagement

The Group offers employees competitive compensation and benefits packages beyond statutory minimums, providing paid marriage leave, medical and compassionate leave, generous annual leave, healthcare and life insurance. In order to maintain a competitive position in the market, the Group also conduct annual performance appraisals and reviews of salaries based on factors such as individual performance evaluations, business performance and market trends. Moreover, the Group prioritises employee well-being, work-life balance, wellness initiatives and supportive policies. By nurturing a culture of appreciation and recognition, providing opportunities for advancement and prioritising the overall well-being of employees, the Group can enhance employee satisfaction and loyalty.

The Group values open communication and encourages employees to raise work-related concerns through whistleblowing or established communication channels. All feedback received through these confidential grievance mechanisms is carefully considered. The Group addresses the issue raised, recognises areas for improvement and makes continuous progress. During the Year, the Group did not receive any employee grievances through the whistleblowing channels.

4.2. Diversity and Equal Opportunities

Diversity and equal opportunities are one of the key elements of our Human Resource Policy. The Group treat all employees and job applicants equally, regardless of age, gender, marital status, pregnancy, sexual orientation, family status, disability, politics, race, nationality or religion. All recruitment and promotions are based on their qualifications, abilities and performance. Certain subsidiaries have their own policies, procedures and measures in place to promote a culture of diversity and equal opportunities. To ensure employee awareness, subsidiaries like CC Group and CCHK communicate their equal opportunity policies to their head office staff and frontline managerial staff during induction training.

The Group strictly prohibits the use of child labour and forced labour across all operations. During the recruitment process, the identity documents, academic qualifications, talents, ages and experiences of all candidates will be screened. Suppliers are also expected to comply with relevant labour laws and regulations. The Group regularly monitors compliance and any non-compliance incidents are investigated seriously according to disciplinary guidelines. Employees are encouraged to report concerns through available grievance mechanisms.

During the Year, there were no reported incidents of non-compliance related to employment practices, child labour or forced labour.

4. PEOPLE *(continued)*

4.3. Employee Health and Safety

Employee health and safety are vital for ensuring well-being, reducing accidents and illnesses, improving productivity and demonstrating organisational commitment to ethical practices. Creating a safe and conducive environment for our employees and protecting them from workplace hazards are among the Group's prime concerns.

(a) *Food businesses*

Health and safety committees are established in some subsidiaries to oversee occupational health and safety across the operations. The committee takes responsibility for developing, implementing and administering safety policies and procedures to ensure compliance with all relevant laws and regulations. Regular meetings are held to review health and safety issues, address employee concerns and keep relevant departments informed about the latest health and safety laws and regulations.

The most common safety hazards in bakery factories, restaurants and retail stores include cuts, burns, slips, trips and bruises. The Group provides guidance for employees on proper procedures and the correct use of protective equipment to prevent these incidents. All staff working in the restaurants and bakery factories are reminded to wear shoes certified with anti-slip functions when they are on duty. Regular and surprise safety inspections are conducted to ensure a clean and safe working environment and first-aid kits are inspected monthly to ensure adequate supplies. Safety guidelines have been established covering a variety of topics, including:

- Prevention of occupational hazards and ill-health
- Safe equipment operation
- Fire prevention
- Manual handling operations
- Chemicals handling
- Housekeeping in factory
- Emergency procedures
- Safety procedures in office
- Incident reporting

The Human Resources Department of CC Group and CCHK holds monthly meetings with restaurants and store managers to review and discuss health and safety issues, as well as to strengthen safety culture through case studies and information sharing on preventive measures. The Group actively encourages employees to contribute suggestions for improving workplace health and safety through various communication channels to enhance overall safety performance.

Safety training is offered to employees to enhance overall safety awareness. Delifrance Singapore offers safe work procedure guidebooks, structured classroom sessions and on-the-job training for new and current employees. Regular fire drills are facilitated for employees to ensure their emergency preparedness. During the Year, Delifrance Singapore obtained the bizSAFE Level 3 certificate, recognising its dedication to adopting effective safety and health practices throughout the operations.

4. PEOPLE *(continued)*

4.3. Employee Health and Safety *(continued)*

(b) *Property development, property investment and property management*

Adequate personal protective equipment is readily available on-site to prevent injuries across the Group's operations in property development, investment and management. Furthermore, the Group distributes specialised accident-handling guidelines to employees, which equip them to handle accidents that may occur, such as electric shocks, exposures to strong acids and alkalis, heat strokes and fainting. For subsidiaries located in poorer air quality regions such as Beijing, air purifiers were equipped in the office to improve the air quality and create a healthier workspace. Regular fire drills are conducted to enhance emergency preparedness among employees. The drills ensure employees can effectively identify and mitigate potential risks in the event of a fire.

During the Year, there were 18 cases of work-related injuries across the Group. Thorough investigations were conducted on each injury case. The Group implemented preventive measures to prevent reoccurrence, such as providing suitable personal protective equipment, enforcing workplace and related standard operating procedures and ensuring smoother workflow while using mobile machinery in the warehouse. Injury cases have been shared in regular meetings and training to enhance safety awareness. During the Year, there were no reported incidents of non-compliance related to occupational health and safety.

4.4. Development and Training

Our employees are integral to our success. The Human Resources Policy outlines our commitment to support the continuous development of the employees' skills, expertise and competence to carry out their roles and achieve the Group's development and strategic objectives.

To ensure a smooth onboarding process, all new employees are required to complete the staff orientation training conducted by the Company and/or the subsidiaries (as the case may be) to help them transition smoothly into their roles and understand our core values, policies and procedures. In the training, they learn about the culture, code of conduct, health and safety protocols and overall vision of the Company and/or the subsidiaries.

The Group continued to provide various training programmes to its employees during the Year, covering topics like food safety, quality control, occupational health and safety, cybersecurity, business ethics, IT skills and industrial processes. We aim to keep employees' knowledge and skills up-to-date with industry standards and enhance workplace performance. Some of our key programs are highlighted as follows:

4. PEOPLE *(continued)*

4.4. Development and Training *(continued)*

Sunshine Bread – Halal training

Halal training was offered to all employees at Sunshine Bread to ensure compliance with Halal standards in Malaysia. The training covers a range of topics, including the principles of Halal, traceability and the importance of Halal certification in the Malaysian market. It equips employees with the necessary knowledge and awareness to maintain Halal standards throughout all stages of production and emphasises the significance of their roles as manufacturers in delivering halal-certified products to our customers.

CC Group & CCHK – Young Star Leader Program

The Young Star Leader Program is a specialised training initiative to nurture and develop the leadership potential of young individuals. It serves as a platform for aspiring leaders to enhance their capabilities by focusing on key areas such as self-awareness, perspective-taking, effective leadership and non-violent communication. Upon completion of such a program, participants are cultivated with essential leadership qualities and build close bonds among the team. These young leaders would be equipped to take up roles and responsibilities in their career ladders at the Group or in real-world scenarios, empowering them to become the next generation of leaders.

It is the Group's endeavour to create an inspiring and energetic team that never stops learning. The relevant divisions and departments of the Company and various subsidiaries are responsible for conducting coaching, assessing the development needs of employees and setting aside training and development budgets annually. To motivate employees to become self-driven learners, tuition fees would be reimbursed to employees taking additional work-related training and development programmes. The Group also arranges training sessions with regard to the latest regulatory requirements and insights into corporate governance specifically for Directors and management who are leading the Group's employees.

4.5. Supporting Our Community

The Group recognises the importance of its relationship with the communities in which it operates. With the Donation Policy, the Group aims to support organisations focused on education, healthcare, poverty and disaster relief and religious pursuit by means of philanthropic donations. The annual donation budget is reviewed annually depending on the ongoing corporate strategy and its long-term corporate objectives. During the Year, the Group donated a total of HK$5,385,000[6] for various charity initiatives.

As a socially responsible corporation, we understand the importance of giving back and creating a positive impact on the community. The Group continues to look for opportunities to partner with and assist community programs.

---

6 The donation beyond the reporting boundary of the ESG Report is included.

5. ENVIRONMENT

The Group recognises that it has a responsibility to minimise our environmental impact and implement sustainable practices within the organisation. As outlined in the Environmental Policy, the Group is committed to operate in an environmentally responsible and resource-efficient way and takes into consideration the material environmental risks and opportunities during decision-making. It indicates guiding principles for achieving the commitments, including gas emission, use of resources, environmental and natural resources, climate change, green procurement, stakeholder engagement and support for environmental campaigns.

Stringent measures are in place to monitor and manage these aspects of environmental impact across operations to ensure compliance with regulatory requirements and industry standards. Robust management systems are in place to systematically monitor and oversee all environmental aspects of the business. Through ongoing monitoring, proactive measures and adherence to environmental regulations, the Group aims to minimise its environmental footprint and contribute to a sustainable future.

5.1. Managing Our Emissions

The Group takes a proactive and holistic approach to effectively managing emissions, hazardous waste and non-hazardous waste, with the goal of minimising our environmental impact and promoting sustainable practices.

Safe and effective waste management is an important part of achieving these goals. The Group's hazardous waste mainly originates from Sunshine Bread's bakery factory, which is clearly labelled by type to prevent contamination. Training is provided to employees on safe waste handling, storage, transportation and disposal according to the legal requirements. Non-hazardous waste includes domestic solid waste from offices, food waste and packaging waste from our food businesses. The Group has established guidelines on the sorting and storage of these in our operation and prioritise recycling and reuse to maximise material recovery.

The Group has implemented several measures to manage our waste in offices, production facilities, restaurants and retail stores:

Managing general waste

Facility	Measures
Offices	• Practise reuse and recycling where applicable • Reuse one-sided paper for printing • Adopt e-communication whenever possible
Production facilities, retail stores and restaurants	• Give priority to durable tools and equipment during purchasing • Reuse store decorations • Reuse shipment trays

5. ENVIRONMENT *(continued)*

5.1. Managing Our Emissions *(continued)*

The Group has implemented several measures to manage our waste in offices, production facilities, restaurants and retail stores: (continued)

Managing food waste

Aspect	Measures
Production	• Conduct sales forecasts and monitor the return of excess products to adjust production patterns • Standardise control of the production process to achieve consistency in product quality and reduce defective products
Material/Food storage and management	• Store perishable ingredients properly • Repurpose leftover ingredients in other dishes, such as bread cubes, while maintaining quality and safety standards • Donate surplus food to local organisations for redistribution to the needy
Tracking and recording	• Record the amount of food waste regularly • Practise food waste collection where applicable

During the Year, Sunshine Bread has successfully reduced dough waste by 43.4% compared to 2022.

To reduce our emissions, the Group continues to focus on adopting energy-efficient technologies, optimising operational processes and utilising cleaner energy sources when purchasing machines, equipment and company vehicles. Continuous monitoring and improvement initiatives are implemented to identify areas for emission reduction and ensure regulatory compliance. The Group has adopted the following measures in our food businesses during the Year:

- Switch off equipment and unnecessary lighting when not in use
- Turn off vehicle engines when not in use
- Consolidate and optimise delivery routes to reduce the number of trips
- Prioritise energy-saving lighting

There are no relevant laws and regulations in relation to the environment that have a significant impact on the Group. During the Year, the Group did not identify any material non-compliance cases regarding environmental laws or regulations.

5. ENVIRONMENT *(continued)*

5.2. Moving Towards More Sustainable Resource Practices

The Group recognises the need to manage its environmental impacts across facilities and operations through various resource conservation initiatives to improve energy efficiency, optimise water usage and reduce packaging materials.

Various measures are implemented to improve energy efficiency and reduce energy consumption, which include conducting annual energy audits in selected operations to identify areas for improvement, installing automatic lighting controls and motion sensors to optimise energy usage and utilising energy-saving appliances and equipment. For instance, Sunshine Bread signed a power purchase agreement with a local energy company to purchase energy generated by solar panels. The solar panel installation is expected to be completed by 2024 and it is expected to generate around 2 million kWh of clean energy annually.

Water plays a significant role in catering services and the food businesses. Although there were no issues in sourcing water for our operations, the Group places importance on efficient water utilisation and water consumption minimisation across its facilities, such as all stores of food business in Hong Kong installing water-saving taps, equipping dishwashers with higher efficiency, using chillers instead of running water to defrost frozen food and conducting regular inspections to identify any water wastage or inefficiencies.

Regarding packaging materials, the Group has taken measures to increase the use of non-plastic and sustainable alternatives for disposable items in order to reduce excessive packaging waste. The Group also monitors the product development stage to minimise the materials and packages needed, avoid unnecessary wrapping and prioritise the use of FSC-certified paper and bio-degradable plastics. CC Group and CCHK have switched from using plastic utensils to wooden utensils, significantly reducing their use of plastic packaging by 53.9% and 45.6% respectively in 2023. Through alterations made to certain packaging that replaced plastic with paper-based options, Delifrance Singapore is estimated to have lowered plastic packaging usage by 18.3%.

5.3. Climate Action

The Group acknowledges that climate change poses risks to its operations. Rising temperatures and severe weather events could negatively impact food production and our property portfolio if we do not act. The principles on the identification and mitigation of significant climate-related issues were outlined in the Group's Environmental Policy.

To build resilience against these climate change impacts, the Group is taking steps in food production to lower emissions through increasing energy efficiency and employing renewable energy sources over time. The Group has also taken steps to reduce food waste, which reduces emissions from food that decomposes in landfills. Recognising customers' growing interest in sustainability preferences, the Group is introducing more plant-based and low-carbon products, shifting meals with lower emissions compared to meat-heavy alternatives.

As extreme weather can damage infrastructure and network facilities and disrupt occupant well-being, the Group conducts risk assessments of our properties to identify vulnerabilities and strengthen defences accordingly. Intelligent systems like sensors and automated control are installed for efficient resource use. Robust emergency plans and safety protocols have been developed to mitigate the risks of extreme weather, such as flooding and typhoons. Furthermore, appropriate insurance has been arranged to provide safeguards against financial losses despite resilience measures.

6. PERFORMANCE SUMMARY

Environmental KPIs[7, 8]	Unit	2023	2022
Air emissions			
Nitrogen oxides ("NO_x")[9]	kg	21,190.0	18,504.3
Sulphur oxides ("SO_x")[9]	kg	30.7	25.5
Respiratory suspended particles ("RSP")[9]	kg	2,047.5	1,712.8
Greenhouse gas ("GHG") emissions			
Total GHG emissions	**tonnes CO_2e**	**10,819.4**	**9,478.9**
Scope 1[10]	tonnes CO_2e	3,213.8	2,273.1
Scope 2[11]	tonnes CO_2e	7,521.2	7,125.7
Scope 3[12]	tonnes CO_2e	84.4	80.1
GHG intensity	tonnes CO_2e/m^2	0.123	0.107
Waste generation			
Hazardous waste[13]	tonnes	11.5	10.1
Non-hazardous waste[14]	tonnes	6,121.1	5,790.5
Hazardous waste intensity	tonnes/m^2	0.0001	0.0001
Non-hazardous waste intensity	tonnes/m^2	0.07	0.07

7 Any discrepancies between (i) totals provided and the sum of the numbers presented; and (ii) percentages provided and the associated numbers throughout the EGS Report are due to rounding.

8 In the interest of accuracy and transparency, we have reviewed and updated our environmental KPIs for the previous year. This revision process reflects our commitment to continually improve our reporting and ensure the reliability of the information we share with our stakeholders. The updated data has been recalculated based on the following factors:
- Inclusion of additional data sources: We have incorporated new data sources, which have led to a more comprehensive and representative account of our environmental performance.
- Methodology refinement: We have refined our calculation methodologies, emissions factors and conversion factors in accordance with the latest applicable international and local guidelines.

9 NO_x, SO_x and RSP emissions were higher in 2023 compared to 2022 due to the expansion of the Group's food business in Malaysia, resulting in more truck transportation for operations.

10 Our scope 1 emissions include direct emissions from sources that are owned or controlled by the Group, such as emissions from fuel of company vehicles, genset and cooking equipment, the refrigerant of air conditioning and fire extinguishing systems. The emission factors are based on the Intergovernmental Panel on Climate Change (IPCC) Synthesis Report (AR6) (2021), Greenhouse Gas Protocol, International Energy Agency's Energy Statistics Manual, UK Government GHG Conversion Factors for Company Reporting and United States Environmental Protection Agency's Emission Factors for Greenhouse Gas Inventories.

11 Our scope 2 emissions include indirect emissions from purchased electricity in Hong Kong, Singapore, the PRC and Malaysia, as well as towngas consumed by the Group. The emission factors are based on the emission factors provided by utility providers in Hong Kong, Singapore and Malaysia and the average emission factor of the national grid in 2022 announced by the Ministry of Ecology and Environment of the PRC.

12 Scope 3 emissions include other indirect GHG emissions from methane gas generation at landfills in Hong Kong due to disposal of paper waste, electricity used for fresh water and sewage processing in Hong Kong and business travel by employees.

13 Hazardous wastes generated throughout the Group's operations are mainly chemical waste from the bakery factory.

14 Non-hazardous wastes include domestic solid waste from offices and food waste and packaging waste from food businesses.

6. PERFORMANCE SUMMARY *(continued)*

Environmental KPIs[7, 8]	Unit	2023	2022
Energy consumption			
Total energy consumption	**MWh**	**47,645.8**	**31,489.3**
Direct energy			
Petrol	MWh	219.9	64.5
Diesel[15]	MWh	25,287.6	7,639.2
Natural gas[16]	MWh	6,988.3	9,632.4
Towngas[17]	MWh	1,113.3	851.4
Indirect energy			
Electricity	MWh	14,036.7	13,301.8
Energy intensity	MWh/m^2	0.54	0.36
Water consumption			
Total water consumption[18]	m^3	100,218.6	78,078.0
Water consumption intensity	m^3/m^2	1.14	0.88
Packaging material used for finished products[19]			
Total packaging material	tonnes	105.9	127.9
Packaging materials intensity	tonnes/HK$1 million revenue	0.14	0.21

7 Any discrepancies between (i) totals provided and the sum of the numbers presented; and (ii) percentages provided and the associated numbers throughout the ESG Report are due to rounding.

8 In the interest of accuracy and transparency, we have reviewed and updated our environmental KPIs for the previous year. This revision process reflects our commitment to continually improve our reporting and ensure the reliability of the information we share with our stakeholders. The updated data has been recalculated based on the following factors:

- Inclusion of additional data sources: We have incorporated new data sources, which have led to a more comprehensive and representative account of our environmental performance.
- Methodology refinement: We have refined our calculation methodologies, emissions factors and conversion factors in accordance with the latest applicable international and local guidelines.

15 Diesel consumption was higher in 2023 compared to 2022 due to the expansion of the Group's food business in Malaysia, resulting in more diesel consumption for truck transportation.

16 Natural gas consumption was lower in 2023 compared to 2022 due to process optimisation and maintenance implemented across the bread line equipment at Sunshine Bread, which improved energy efficiency.

17 Towngas consumption was higher in 2023 compared to 2022 as a result of two additional Chatterbox Café commencing operations in 2023 and there was subsequently higher demand for towngas for food preparation.

18 Water consumption was higher in 2023 compared to 2022 due to two additional Chatterbox Café commencing operations in 2023 and testing and commissioning of wastewater treatment plant in Sunshine Bread.

19 Packaging materials consumed by the Group include materials like plastic, paper and metal for packaging food products or catering orders.

6. PERFORMANCE SUMMARY *(continued)*

Social KPIs		Unit	2023	2022
Workforce				
Total number of employees		**No. (%)**	**1,075 (100%)**	**969 (100%)**
By gender	Male	No. (%)	541 (50%)	468 (48%)
	Female	No. (%)	534 (50%)	501 (52%)
By age group	Below 30	No. (%)	245 (23%)	223 (23%)
	30–49	No. (%)	538 (50%)	477 (49%)
	50 or above	No. (%)	292 (27%)	269 (28%)
By region	Hong Kong	No. (%)	501 (47%)	441 (46%)
	Singapore	No. (%)	363 (34%)	354 (37%)
	Malaysia	No. (%)	187 (17%)	151 (16%)
	Mainland China	No. (%)	24 (2%)	23 (2%)
By employee type	Full-time	No. (%)	810 (75%)	735 (76%)
	Part-time	No. (%)	265 (25%)	234 (24%)
By employee category	Management	No. (%)	107 (10%)	126 (13%)
	Other employees	No. (%)	968 (90%)	843 (87%)
Turnover				
Turnover rate[20]		**No. (%)**	**498 (46%)**	**609 (63%)**
By gender	Male	No. (%)	193 (36%)	301 (64%)
	Female	No. (%)	305 (57%)	308 (61%)
By age group	Below 30	No. (%)	211 (86%)	281 (126%)
	30–49	No. (%)	201 (37%)	227 (48%)
	50 or above	No. (%)	86 (29%)	101 (38%)
By region	Hong Kong	No. (%)	271 (54%)	248 (56%)
	Singapore	No. (%)	141 (39%)	217 (61%)
	Malaysia	No. (%)	80 (43%)	129 (85%)
	Mainland China	No. (%)	6 (25%)	15 (65%)
Employee Health and Safety				
Work-related fatalities[21]		No.	0	0
Reportable work-related injuries[22]		No.	18	11
Work-related injury rate (per 100 workforce)[23]		Rate	1.7	1.1
Lost days due to work injury		No.	417	303

20 Turnover rate = Employee in the specified category leaving employment/Number of employees in the specified category.

21 There was no work-related fatality occurred in the past 3 years including the Year.

22 Work-related injuries in 2023 mainly involved cuts, burns, slips and trips. Thorough investigations were conducted on each injury case and the Group implemented preventive measures to prevent reoccurrence. Please refer to Section 4.3 Employee Health and Safety for details.

23 Rate of work-related injury (per 100 workforce) = number of injured employees/total number of employees x 100.

6. PERFORMANCE SUMMARY *(continued)*

Social KPIs		Unit	2023	2022
Development and Training[24]				
Total employees trained[25]		**No. (%)**	**550 (51%)**	**439 (45%)**
By gender	Male	No. (%)	233 (43%)	226 (48%)
	Female	No. (%)	317 (59%)	213 (43%)
By employee category	Management (Male)	No. (%)	39 (63%)	24 (33%)
	Management (Female)	No. (%)	20 (44%)	18 (33%)
	Other employees (Male)	No. (%)	194 (41%)	202 (51%)
	Other employees (Female)	No. (%)	297 (61%)	195 (44%)
Average hours of training[26]		**hours**	**5.5**	**5.6**
By gender	Male	hours	6.8	5.7
	Female	hours	4.5	5.5
By employee category	Management (Male)	hours	7.6	11.1
	Management (Female)	hours	5.6	11.8
	Other employees (Male)	hours	6.7	5.0
	Other employees (Female)	hours	4.4	4.9
Supply Chain Management				
Total suppliers		**No.**	**692**	**673**
By region	Hong Kong	No.	280	272
	Singapore	No.	129	136
	Malaysia	No.	271	250
	Mainland China	No.	3	2
	Others	No.	9	13
Product Responsibility				
Number of products and service-related complaints received		No.	594	518

24 Training data for 2022 has been restated to include directors' training under management training.

25 Percentage of employees trained = number of employees trained in specified category/number of employees in specified category x 100%.

26 Average training hours = number of training hours for employees in specified category/number of trained employees in specified category.

7. APPENDIX – HKEX ESG REPORTING GUIDE CONTENT INDEX

Mandatory Disclosure Requirements		Section
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Governance Structure
Reporting Principles — Materiality	The ESG report should disclosed: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified and the process and results of the issuer's stakeholder engagement.	Reporting Principles
Reporting Principles — Quantitative	Information on the standards, methodologies, assumptions and/or calculation tools used and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	Reporting Principles; Performance Summary
Reporting Principles — Consistency	The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Reporting Principles; Performance Summary
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Boundary

7. APPENDIX – HKEX ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs		Section
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste.	Environment; Managing Our Emissions
KPI A1.1	The types of emissions and respective emissions data.	Performance Summary
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Managing Our Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled and a description of reduction target(s) set and steps taken to achieve them.	Managing Our Emissions

7. APPENDIX – HKEX ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs		Section
A. Environmental *(continued)*		
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment; Moving Towards More Sustainable Resource Practices
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Moving towards More Sustainable Resource Practices
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Moving towards More Sustainable Resource Practices
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Performance Summary
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted and those which may impact, the issuer.	Climate Action
KPI A4.1	Description of the significant climate-related issues which have impacted and those which may impact, the issuer and the actions taken to manage them.	Climate Action

7. APPENDIX – HKEX ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs		Section
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	People; Employee Compensation, Wellness and Engagement
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Performance Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Summary
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	People; Employee Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Summary
KPI B2.2	Lost days due to work injury.	Performance Summary
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Employee Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People; Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Summary

7. APPENDIX – HKEX ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs		Section
B. Social *(continued)*		
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	People; Diversity and Equal Opportunities
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Diversity and Equal Opportunities
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Diversity and Equal Opportunities
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Customers and Suppliers; Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Performance Summary
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers and how they are implemented and monitored.	Supply Chain Management

7. APPENDIX – HKEX ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs		Section
B. Social *(continued)*		
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Customers and Suppliers; Responsible Marketing
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Safety and Quality Management
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Communication; Performance Summary
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Business Ethics
KPI B6.4	Description of quality assurance process and recall procedures.	Safety and Quality Management
KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	Business Ethics
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures and how they are implemented and monitored.	Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics

7. APPENDIX – HKEX ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs		Section
B. Social *(continued)*		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Supporting Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Supporting Our Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Supporting Our Community

Independent Auditor's Report

EY 安永

To the members of Lippo China Resources Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Lippo China Resources Limited (the "Company") and its subsidiaries (the "Group") set out on pages 86 to 181, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of interest in an associate	
As at 31 December 2023, the gross carrying amount of the Group's interests in associates amounted to HK$843 million before impairment provision of HK$23 million. The interests in associates are stated at the Group's share of net assets under the equity method of accounting, less any impairment losses at the end of each reporting period. The carrying amount of the Group's interest in TIH Limited ("TIH"), a material associate of the Group, amounted to HK$286 million as at 31 December 2023. TIH is a listed company in Singapore which is engaged in fund investment and management businesses. As at 31 December 2023, there was an indication that the Group's interest in TIH may be impaired. Accordingly, management has performed impairment assessment to determine the recoverable amount of the interest in TIH. The impairment assessment of the Group's interest in TIH was significant to our audit due to (i) the significance of the carrying amount as at 31 December 2023; and (ii) the determination of the recoverable amount of the interest in TIH requiring significant management's judgement and estimate. Related disclosures are included in Notes 3 and 19 to the consolidated financial statements.	We assessed management's process for identifying the objective evidence of impairment in respect of the interest in TIH. We evaluated and tested the assumptions and methodologies used by management in the determination of the recoverable amount. We assessed the cash flow projection of TIH by making reference to its historical financial performance. For the discount rate applied to the cash flow projection, we assessed the inputs used to determine the rate with reference to market data. We involved our internal valuation specialists to assist us in assessing the discount rate adopted in the cash flow projection.
Fair value of investment properties	
As at 31 December 2023, investment properties measured at fair values amounted to HK$617 million, with a corresponding net fair value loss of HK$26 million recognised in profit or loss. The valuation process is inherently subjective and dependent on a number of estimates. The Group has engaged independent professional valuers to perform the valuation of the investment properties. Related disclosures are included in Notes 3 and 17 to the consolidated financial statements.	We considered the objectivity, independence and competency of the valuers. We assessed the valuation methodologies adopted and assumptions used by the valuers, and performed market value benchmarking against comparable properties. We involved our internal valuation specialists to assist us in evaluating the methodologies adopted and the assumptions used by the valuers for the valuation of investment properties held by the Group.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The Directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chung Chi Ming.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

27 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Revenue	5	**739,438**	607,392
Cost of sales		**(309,318)**	(290,930)
Gross profit		**430,120**	316,462
Other income	6	**1,690**	15,948
Administrative expenses		**(399,602)**	(379,227)
Other operating expenses	8	**(146,239)**	(138,222)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	8	**19,912**	(104,334)
Net fair value loss on investment properties		**(25,684)**	(22,149)
Other losses — net	7	**(9,771)**	(8,042)
Finance costs	11	**(52,280)**	(39,993)
Share of results of associates		**(4,452)**	39,956
Share of results of joint ventures		**346**	(404)
Loss before tax	8	**(185,960)**	(320,005)
Income tax	12	**1,196**	3,483
Loss for the year		**(184,764)**	(316,522)
Attributable to:			
Equity holders of the Company		**(146,420)**	(277,890)
Non-controlling interests		**(38,344)**	(38,632)
		(184,764)	(316,522)
		HK$	HK$ (Restated)
Loss per share attributable to equity holders of the Company	13		
Basic and diluted		**(0.16)**	(0.30)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	**2023 HK$'000**	2022 HK$'000
Loss for the year		**(184,764)**	(316,522)
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		**(12,835)**	(40,845)
Exchange differences reclassified to profit or loss upon:			
Liquidation of foreign operations	7	**–**	(237)
Derecognition of a foreign associate		**13**	–
Deemed disposal of a foreign associate		**–**	(12)
Share of other comprehensive income of associates		**12,096**	6,357
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax		**(726)**	(34,737)
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		**(40,895)**	(25,901)
Other comprehensive loss for the year, net of tax		**(41,621)**	(60,638)
Total comprehensive loss for the year		**(226,385)**	(377,160)
Attributable to:			
Equity holders of the Company		**(177,647)**	(329,533)
Non-controlling interests		**(48,738)**	(47,627)
		(226,385)	(377,160)

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Intangible assets	15	**21,034**	21,034
Fixed assets	16	**960,537**	1,003,229
Investment properties	17	**617,149**	644,432
Right-of-use assets	18(a)	**161,109**	155,841
Interests in associates	19	**819,597**	821,898
Interests in joint ventures	20	**78,574**	76,900
Financial assets at fair value through other comprehensive income	21	**49,300**	72,639
Financial assets at fair value through profit or loss	22	**445,303**	476,427
Debtors, prepayments and other assets	23	**27,351**	14,450
Deferred tax assets	28	**5,233**	6,937
		3,185,187	3,293,787
Current assets			
Inventories	24	**23,962**	25,196
Debtors, prepayments and other assets	23	**161,495**	111,041
Financial assets at fair value through profit or loss	22	**303,967**	308,198
Other financial assets	25	**–**	651
Tax recoverable		**115**	403
Cash and cash equivalents		**301,604**	652,761
		791,143	1,098,250
Current liabilities			
Bank and other borrowings	26	**141,834**	550,922
Lease liabilities	18(b)	**46,837**	56,782
Creditors, accruals and other liabilities	27	**193,345**	194,250
Other financial liability	25	**569**	–
Tax payable		**116,794**	116,456
		499,379	918,410
Net current assets		**291,764**	179,840
Total assets less current liabilities		**3,476,951**	3,473,627

Consolidated Statement of Financial Position *(continued)*

As at 31 December 2023

	Note	**2023 HK$'000**	2022 HK$'000
Non-current liabilities			
Bank and other borrowings	26	**502,998**	312,515
Lease liabilities	18(b)	**125,983**	108,601
Creditors, accruals and other liabilities	27	**8,542**	9,150
Deferred tax liabilities	28	**14,905**	20,326
		652,428	450,592
Net assets		**2,824,523**	3,023,035
Equity			
Equity attributable to equity holders of the Company			
Share capital	29	**1,705,907**	1,705,907
Reserves	30	**789,854**	967,310
		2,495,761	2,673,217
Non-controlling interests		**328,762**	349,818
Total equity		**2,824,523**	3,023,035

John Luen Wai Lee
Director

Stephen Riady
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to equity holders of the Company							
	Share capital HK$'000	Fair value reserve of financial assets at FVOCI* HK$'000	Other assets revaluation reserve HK$'000	Exchange equalisation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	**1,705,907**	**(211,539)**	**5,395**	**65,023**	**1,108,431**	**2,673,217**	**349,818**	**3,023,035**
Loss for the year	–	–	–	–	(146,420)	(146,420)	(38,344)	(184,764)
Other comprehensive income/(loss) for the year:								
Exchange differences on translation of foreign operations	–	–	–	(9,357)	–	(9,357)	(3,478)	(12,835)
Exchange differences reclassified to profit or loss upon derecognition of a foreign associate	–	–	–	13	–	13	–	13
Changes in fair value of equity instruments at fair value through other comprehensive income	–	(33,979)	–	–	–	(33,979)	(6,916)	(40,895)
Share of other comprehensive income of associates	–	–	–	12,096	–	12,096	–	12,096
Total comprehensive income/(loss) for the year	–	(33,979)	–	2,752	(146,420)	(177,647)	(48,738)	(226,385)
Share of equity movements arising on equity transactions of an associate	–	–	–	–	191	191	–	191
Advance from non-controlling shareholders of a subsidiary	–	–	–	–	–	–	27,682	27,682
At 31 December 2023	**1,705,907**	**(245,518)**	**5,395**	**67,775**	**962,202**	**2,495,761**	**328,762**	**2,824,523**
At 1 January 2022	1,705,907	(188,788)	5,395	93,348	1,462,478	3,078,340	383,625	3,461,965
Loss for the year	–	–	–	–	(277,890)	(277,890)	(38,632)	(316,522)
Other comprehensive income/(loss) for the year:								
Exchange differences on translation of foreign operations	–	–	–	(35,000)	–	(35,000)	(5,845)	(40,845)
Exchange differences reclassified to profit or loss upon:								
Liquidation of foreign operations	–	–	–	(237)	–	(237)	–	(237)
Deemed disposal of a foreign associate	–	–	–	(12)	–	(12)	–	(12)
Changes in fair value of equity instruments at fair value through other comprehensive income	–	(22,751)	–	–	–	(22,751)	(3,150)	(25,901)
Share of other comprehensive income of associates	–	–	–	6,357	–	6,357	–	6,357
Total comprehensive loss for the year	–	(22,751)	–	(28,892)	(277,890)	(329,533)	(47,627)	(377,160)
Change in non-controlling interests without change in control	–	–	–	567	(567)	–	1	1
Share of equity movements arising on equity transactions of an associate	–	–	–	–	(2,095)	(2,095)	–	(2,095)
2021 final dividend declared and paid to shareholders of the Company	–	–	–	–	(41,341)	(41,341)	–	(41,341)
2022 interim dividend declared and paid to shareholders of the Company	–	–	–	–	(32,154)	(32,154)	–	(32,154)
Advance from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	13,819	13,819
At 31 December 2022	1,705,907	(211,539)	5,395	65,023	1,108,431	2,673,217	349,818	3,023,035

* FVOCI stands for fair value through other comprehensive income.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Cash used in operations	32(a)	**(65,922)**	(11,731)
Interest received		**8,750**	4,535
Dividends received from:			
Associates		**9,663**	5,479
Investments		**10,528**	10,461
Taxes refunded/(paid):			
Hong Kong		**284**	72
Mainland China and overseas		**(1,762)**	(2,246)
Net cash flows from/(used in) operating activities		**(38,459)**	6,570
Cash flows from investing activities			
Distribution from financial assets at fair value through profit or loss		**20,532**	35,620
Proceeds from disposal of:			
Fixed assets		**25**	14
Financial assets at fair value through profit or loss		**51,859**	125,103
Payments to acquire:			
Fixed assets		**(46,211)**	(36,989)
Exploration and evaluation assets		**(405)**	(437)
Financial assets at fair value through other comprehensive income		**(17,472)**	(8,669)
Financial assets at fair value through profit or loss		**(19,808)**	(35,738)
Advances to joint ventures		**(17)**	(80)
Repayment from a joint venture		**332**	–
Decrease in time deposits with original maturity of more than three months		**–**	69,951
Net cash flows from/(used in) investing activities		**(11,165)**	148,775
Cash flows from financing activities			
Drawdown of bank and other borrowings		**184,791**	377,679
Repayment of bank and other borrowings		**(402,694)**	(503,118)
Principal portion of lease payments		**(58,711)**	(54,786)
Finance costs paid		**(53,459)**	(39,138)
Dividends paid to shareholders of the Company		**–**	(73,495)
Disposal of a subsidiary without loss in control		**–**	1
Advance from non-controlling shareholders of subsidiaries		**27,682**	13,819
Net cash flows used in financing activities		**(302,391)**	(279,038)
Net decrease in cash and cash equivalents		**(352,015)**	(123,693)
Cash and cash equivalents at beginning of year		**652,761**	783,321
Exchange realignments		**858**	(6,867)
Cash and cash equivalents at end of year		**301,604**	652,761

Notes to the Financial Statements

1. CORPORATE AND GROUP INFORMATION

Lippo China Resources Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.

The principal activity of the Company is investment holding. Its subsidiaries, associates, joint ventures and joint operation are principally engaged in investment holding, property investment, property development, food businesses, healthcare services, property management, mineral exploration and extraction, securities investment and treasury investment.

The immediate holding company of the Company is Skyscraper Realty Limited, a company incorporated in the British Virgin Islands. In the opinion of the Directors, the ultimate holding company of the Company is Lippo Capital Group Limited, a company incorporated in Hong Kong.

Details of the principal subsidiaries are set out on pages 172 to 178.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have 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 ("HKICPA") and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All significant intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange equalisation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

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 Group has disclosed the material accounting policy information in Note 2.4 to the financial statements. 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(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, which have been reflected in the reconciliation disclosed in Note 28 to the financial statements. 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.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1, 4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

(a) Interests in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's interests in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's interests in associates or joint ventures.

If an interest in an associate becomes an interest in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interest in a joint operation:

(i) its assets, including its share of any assets held jointly;

(ii) its liabilities, including its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

(c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(c) Business combinations and goodwill *(continued)*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

(d) Fair value measurement

The Group measures its investment properties and certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(d) Fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(e) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract assets, deferred tax assets, inventories, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

In testing a CGU for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual CGU if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of CGUs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(f) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(g) Fixed assets and depreciation

Fixed assets, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of fixed assets is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of fixed assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of fixed assets are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of fixed assets to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings and leasehold improvements	Over the unexpired terms of the leases or $2\frac{1}{2}$% to 20%, whichever is shorter
Furniture, fixtures, plant and equipment	$6\frac{2}{3}$% to $33\frac{1}{3}$%
Motor vehicles	10% to 20%

Where parts of an item of fixed assets have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of fixed assets including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is not depreciated as the asset is not available for use. It is reclassified to the appropriate category of fixed assets when completed and ready for use.

(h) Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. When fair value is not reliably determinable for a property under development, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably determinable.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(h) Investment properties *(continued)*

Any gains or losses on the retirement or disposal of investment properties are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Fixed assets and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with as a movement in the other assets revaluation reserve. On disposal of the asset, the relevant portion of the other assets revaluation reserve realised in respect of previous valuations is transferred to the retained profits as a movement in reserves.

(i) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Intangible asset relating to unpatented technology acquired in a business combination has finite useful life and is measured at cost less impairment losses and is amortised on a straight-line basis over its estimated useful life of 10 years.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(j) Leases (continued)

Group as a lessee (continued)

At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land and buildings	1 to 10 years
Plant and equipment	2 to 5 years
Motor vehicles	2 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(j) Leases (continued)

Group as a lessee (continued)

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and other equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

(k) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Investments and other financial assets *(continued)*

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVPL.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVOCI (debt instruments)

For debt investments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at FVOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVOCI when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as revenue in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on the equity investments are also recognised as revenue in the statement of profit or loss when the right of payment has been established.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(l) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

(i) the rights to receive cash flows from the asset have expired; or

(ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(m) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(m) Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at FVOCI and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

(n) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(n) Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(o) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

(p) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(q) Derivative financial instruments

When appropriate, the Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

(r) Inventories

Inventories are stated at the lower of cost and net realisable value. In relation to the food manufacturing business, cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, labour and production overheads based on the level of normal activity. In relation to the food retail business, cost is determined on the first-in, first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(s) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(t) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(u) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(i) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

(ii) in respect of taxable temporary differences associated with interests in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

(i) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

(ii) in respect of deductible temporary differences associated with interests in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(u) Income tax *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(v) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

(w) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(w) Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(i) Revenue from food manufacturing operation

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with retrospective promotional rebates and trading term rebates based on the aggregate sales over a period of time.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of the estimated promotional rebates and trading term rebates and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction price only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises the expected promotional rebates and trading term rebates payable to customers where considerations have been received from the customers and refunds due to expected returns from the customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the goods less expected costs to recover the goods, and adjust them against cost of sales correspondingly.

At the end of each reporting period, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

The Group has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

(ii) Revenue from restaurant operation

Revenue from restaurant operation is recognised upon the delivery of food and beverage to and acceptance by customers, net of discounts.

(iii) Provision of management services

Revenue from the provision of management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(w) Revenue recognition *(continued)*

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(x) Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

(y) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(z) Employee benefits

Paid leave entitlement

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of each reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward at the end of each reporting period.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(z) Employee benefits *(continued)*

Retirement benefits

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In Hong Kong, the Group operates defined contribution Mandatory Provident Fund retirement benefit schemes (the "MPF Schemes") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Schemes. Contributions are made based on a percentage of the employees' relevant income and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Schemes. The assets of the MPF Schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Schemes except for the Group's employer voluntary contributions forfeited when the employees leave employment prior to fully vesting in such contributions, which can be used to reduce the amount of future employer contributions or to offset against future administration expenses or to refund to the Group, in accordance with the rules of the MPF Schemes.

The employees of the Group's subsidiaries which operate in mainland China are required to participate in a central pension scheme operated by the local municipal government. Contributions are made to the central pension scheme based on a percentage of the employees' relevant income and are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group's subsidiaries in Singapore and Malaysia make contributions to the Central Provident Fund Scheme ("CPF") in Singapore and the Employees Provident Fund ("EPF") in Malaysia, respectively. Both CPF and EPF are defined contribution pension schemes. Contributions to the CPF and EPF are recognised as an expense in the statement of profit or loss in the period in which the related service is performed.

(aa) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(ab) Dividends and distributions

Final dividends and distributions are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends and distributions are simultaneously proposed and declared, because the Company's articles of association grants the Directors the authority to declare interim dividends and distributions. Consequently, interim dividends and distributions are recognised immediately as a liability when they are proposed and declared.

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(ac) Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than Hong Kong dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange equalisation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). The Group includes the renewal period as part of the lease term for certain leases due to the significance of these assets to its operations.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. The Group may provide ancillary services to the occupants of properties it holds. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property. The property is an investment property only if the ancillary services are insignificant to the arrangement as a whole.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(i) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(ii) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 31 December 2023 was HK$617,149,000 (2022 — HK$644,432,000). Further details are disclosed in Note 17 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

The recoverable amount of the CGU to which goodwill has been allocated to is determined based on value-in-use calculations. The key assumptions applied in the determination of the value in use are disclosed and further explained in Note 15 to the financial statements. The carrying amount of intangible assets as at 31 December 2023 was HK$21,034,000 (2022 — HK$21,034,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) Estimation uncertainty *(continued)*

Impairment of interests in associates

After applying the equity method, the Group assesses whether there is any objective evidence of impairment for the interests in associates. The interests in associates are tested for impairment when there is objective evidence of impairment. The carrying amount of interests in associates as at 31 December 2023 was HK$819,597,000 (2022 — HK$821,898,000). Further details are disclosed in Note 19 to the financial statements.

Fair value of unlisted equity investments

When the fair values of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as the implied equity value, volatility and discount rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The Group classifies the fair value of these investments as Level 3. Further details are included in Note 37 to the financial statements.

Provision for expected credit losses on trade debtors

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade debtors is disclosed in Note 23 to the financial statements.

4. SEGMENT INFORMATION

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

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

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

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

(d) the food businesses segment mainly includes food manufacturing and food retail operations in chains of cafés and bistros;

(e) the healthcare services segment includes the provision of healthcare management services;

(f) the property management segment includes the provision of property management services; and

(g) the "other" segment comprises principally development and sale of properties, mineral exploration and extraction, the provision of investment management services and investment in a closed-end fund.

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

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

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

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

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

4. SEGMENT INFORMATION *(continued)*

Year ended 31 December 2023

	Property investment HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Food businesses HK$'000	Healthcare services HK$'000	Property management HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue									
External	18,685	5,898	11,849	687,261	–	12,459	3,286	–	739,438
Inter-segment	4,041	–	–	–	–	563	834	(5,438)	–
Total	22,726	5,898	11,849	687,261	–	13,022	4,120	(5,438)	739,438
Segment results	(24,963)	5,898	26,010	(55,206)	(2,708)	9,874	(5,069)	(243)	(46,407)
Unallocated corporate expenses									(95,184)
Finance costs									(40,263)
Share of results of associates	–	–	–	–	7,710	–	(12,162)	–	(4,452)
Share of results of joint ventures	–	–	–	(400)	–	–	746	–	346
Loss before tax									(185,960)
Segment assets	1,201,022	234,458	822,391	739,114	–	722	51,790	(11,706)	3,037,791
Interests in associates	–	–	–	–	489,364	–	330,233	–	819,597
Interests in joint ventures	–	–	41,461	36,019	–	–	1,094	–	78,574
Unallocated assets									40,368
Total assets									3,976,330
Segment liabilities	208,911	–	42,208	349,354	439,257	1,474	375,787	(1,067,435)	349,556
Unallocated liabilities									802,251
Total liabilities									1,151,807
Other segment information:									
Capital expenditure *(Note)*	–	–	–	46,066	–	4	405	–	46,475
Depreciation	(16,754)	–	–	(113,992)	–	(6)	(94)	3,494	(127,352)
Interest income	–	5,898	1,131	1,840	–	–	2,454	–	11,323
Finance costs	–	–	(33)	(12,288)	–	–	–	304	(12,017)
Loss on disposal of fixed assets	–	–	–	(3,002)	–	–	(93)	–	(3,095)
Loss on derecognition of an associate	–	–	–	–	–	–	(496)	–	(496)
Provisions for impairment losses on:									
A joint venture	–	–	–	–	–	–	(34)	–	(34)
Inventories	–	–	–	(1,539)	–	–	–	–	(1,539)
Loans and receivables	–	–	(237)	–	–	–	(1,562)	–	(1,799)
Net fair value gain on financial instruments at fair value through profit or loss	–	–	19,912	–	–	–	–	–	19,912
Net fair value loss on investment properties	(25,684)	–	–	–	–	–	–	–	(25,684)
Unallocated:									
Capital expenditure *(Note)*									141
Depreciation									(5,891)
Finance costs									(40,263)
Loss on disposal of fixed assets									(3)

4. SEGMENT INFORMATION *(continued)*

Year ended 31 December 2022

	Property investment HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Food businesses HK$'000	Healthcare services HK$'000	Property management HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue									
External	17,177	3,613	11,606	560,256	–	12,857	1,883	–	607,392
Inter-segment	3,857	–	–	–	–	516	3,287	(7,660)	–
Total	21,034	3,613	11,606	560,256	–	13,373	5,170	(7,660)	607,392
Segment results	(22,981)	3,613	(100,806)	(110,714)	(1,823)	9,092	(7,843)	(309)	(231,771)
Unallocated corporate expenses									(99,847)
Finance costs									(27,939)
Share of results of associates	–	–	–	–	29,166	–	10,790	–	39,956
Share of results of joint ventures	–	–	–	(399)	–	–	(5)	–	(404)
Loss before tax									(320,005)
Segment assets	1,245,789	294,070	1,076,215	832,727	–	610	8,399	(4,567)	3,453,243
Interests in associates	–	–	–	–	473,843	–	348,055	–	821,898
Interests in joint ventures	–	–	41,773	34,795	–	–	332	–	76,900
Unallocated assets									39,996
Total assets									4,392,037
Segment liabilities	204,216	–	42,167	463,587	421,728	1,221	338,932	(1,003,780)	468,071
Unallocated liabilities									900,931
Total liabilities									1,369,002
Other segment information:									
Capital expenditure *(Note)*	213	–	–	36,466	–	10	437	–	37,126
Depreciation	(16,916)	–	–	(102,154)	–	(12)	(127)	3,410	(115,799)
Interest income	–	3,613	1,255	1,691	–	–	–	–	6,559
Finance costs	–	–	(1,321)	(10,870)	–	–	–	137	(12,054)
Loss on disposal of fixed assets	–	–	–	(97)	–	–	–	–	(97)
Loss on deemed disposal of an associate	–	–	–	–	(45)	–	–	–	(45)
Provisions for impairment losses on:									
A joint venture	–	–	–	–	–	–	(62)	–	(62)
Inventories	–	–	–	(1,868)	–	–	–	–	(1,868)
Loans and receivables	–	–	–	(153)	–	–	–	–	(153)
Fixed assets written off	–	–	–	(57)	–	–	–	–	(57)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	144	–	–	–	–	–	–	–	144
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	–	(104,589)	255	–	–	–	–	(104,334)
Net fair value loss on investment properties	(22,149)	–	–	–	–	–	–	–	(22,149)
Unallocated:									
Capital expenditure *(Note)*									300
Depreciation									(8,409)
Finance costs									(27,939)
Loss on disposal of fixed assets									(2)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations									93

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

4. SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2023 HK$'000	2022 HK$'000
Hong Kong	**255,262**	196,285
Mainland China	**7,495**	9,134
Republic of Singapore	**452,911**	391,649
Malaysia	**10,522**	2,527
Other	**13,248**	7,797
	739,438	607,392

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

(b) Non-current assets

	2023 HK$'000	2022 HK$'000
Hong Kong	**1,118,882**	1,119,692
Mainland China	**150,752**	171,701
Republic of Singapore	**948,430**	970,424
Malaysia	**311,882**	334,169
Other	**131,341**	130,254
	2,661,287	2,726,240

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

Information about a major customer

Revenue of approximately HK$114,667,000 for the year ended 31 December 2023 (2022 — HK$91,801,000) was derived from sales by the food businesses segment to a single customer.

5. REVENUE

An analysis of revenue is as follows:

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers:		
Revenue from food manufacturing operation	**324,523**	266,461
Revenue from restaurant operation	**359,901**	291,065
Provision of management services	**12,855**	13,981
	697,279	571,507
Revenue from other sources:		
Property rental income from operating leases:		
Variable lease payments that do not depend on an index or a rate	**587**	522
Other lease payments, including fixed payments	**18,098**	16,655
	18,685	17,177
Interest income	**11,323**	6,559
Dividend income	**10,718**	10,351
Other	**1,433**	1,798
	42,159	35,885
	739,438	607,392

5. **REVENUE** *(continued)*

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	Food businesses HK$'000	Property management HK$'000	Other HK$'000	Total HK$'000
Year ended 31 December 2023				
Types of goods or services:				
Revenue from food manufacturing operation	**324,523**	**–**	**–**	**324,523**
Revenue from restaurant operation	**359,901**	**–**	**–**	**359,901**
Provision of management services	**–**	**12,459**	**396**	**12,855**
Total revenue from contracts with customers	**684,424**	**12,459**	**396**	**697,279**
Geographical markets:				
Hong Kong	**227,488**	**10,437**	**396**	**238,321**
Mainland China	**–**	**2,022**	**–**	**2,022**
Republic of Singapore	**447,288**	**–**	**–**	**447,288**
Malaysia	**9,648**	**–**	**–**	**9,648**
Total revenue from contracts with customers	**684,424**	**12,459**	**396**	**697,279**
Timing of revenue recognition:				
Goods transferred at a point in time	**684,424**	**–**	**–**	**684,424**
Services transferred over time	**–**	**12,459**	**396**	**12,855**
Total revenue from contracts with customers	**684,424**	**12,459**	**396**	**697,279**
Year ended 31 December 2022				
Types of goods or services:				
Revenue from food manufacturing operation	266,461	–	–	266,461
Revenue from restaurant operation	291,065	–	–	291,065
Provision of management services	–	12,857	1,124	13,981
Total revenue from contracts with customers	557,526	12,857	1,124	571,507
Geographical markets:				
Hong Kong	169,461	10,599	–	180,060
Mainland China	–	2,258	–	2,258
Republic of Singapore	386,168	–	1,124	387,292
Malaysia	1,897	–	–	1,897
Total revenue from contracts with customers	557,526	12,857	1,124	571,507
Timing of revenue recognition:				
Goods transferred at a point in time	557,526	–	–	557,526
Services transferred over time	–	12,857	1,124	13,981
Total revenue from contracts with customers	557,526	12,857	1,124	571,507

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(a) Disaggregated revenue information *(continued)*

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

Segments	Food businesses HK$'000	Property management HK$'000	Other HK$'000	Total HK$'000
Year ended 31 December 2023				
Revenue from contracts with customers				
External customers	**684,424**	**12,459**	**396**	**697,279**
Inter-segment	**–**	**563**	**834**	**1,397**
Total revenue from contracts with customers	**684,424**	**13,022**	**1,230**	**698,676**
Revenue from other sources — external	**2,837**	**–**	**2,890**	**5,727**
Total segment revenue	**687,261**	**13,022**	**4,120**	**704,403**
Year ended 31 December 2022				
Revenue from contracts with customers				
External customers	557,526	12,857	1,124	571,507
Inter-segment	–	516	3,287	3,803
Total revenue from contracts with customers	557,526	13,373	4,411	575,310
Revenue from other sources — external	2,730	–	759	3,489
Total segment revenue	560,256	13,373	5,170	578,799

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

(i) Revenue from food manufacturing operation

Revenue from food manufacturing operation is recognised at a point in time when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with volume discounts based on the aggregate sales over a period of time. Trading terms with customers are either on a cash basis or on credit. For those customers who trade on credit, a credit period of 30 to 90 days is allowed according to relevant business practice. No provision for right of returns was made as the impact was insignificant.

(ii) Revenue from restaurant operation

Revenue from restaurant operation is recognised at a point in time when the food and beverage are delivered to and accepted by the customer, net of discounts. The payment of the transaction price is due immediately at the point when the customer purchases the goods.

(iii) Provision of management services

The performance obligation is satisfied over time as services are rendered. Accordingly, the service fee income is recognised as the service is performed over time.

6. OTHER INCOME

	2023 HK$'000	2022 HK$'000
Government grants *(Note)*	**1,690**	15,948

Note: Government grants mainly represent subsidies received in Singapore (2022 — Hong Kong and Singapore). There are no unfulfilled conditions or other contingencies attaching to these grants.

7. OTHER LOSSES — NET

	2023 HK$'000	2022 HK$'000
Loss on disposal of fixed assets	**(3,098)**	(99)
Loss on deemed disposal of an associate	**–**	(45)
Loss on derecognition of an associate	**(496)**	–
Provisions for impairment losses on:		
A joint venture	**(34)**	(62)
Inventories	**(1,539)**	(1,868)
Loans and receivables	**(1,799)**	(153)
Fixed assets written off	**–**	(57)
Foreign exchange losses — net	**(2,805)**	(5,995)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	**–**	237
	(9,771)	(8,042)

8. LOSS BEFORE TAX

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

	2023 HK$'000	2022 HK$'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	**30,993**	(89,469)
Debt securities	**(3,061)**	(1,824)
Investment funds	**(6,661)**	(9,978)
Derivative financial instruments	**(1,359)**	(3,063)
	19,912	(104,334)
Employee benefit expense *(Note (a))*:		
Wages and salaries	**(275,349)**	(269,344)
Retirement benefit costs *(Note (b))*	**(14,570)**	(14,020)
Total staff costs	**(289,919)**	(283,364)
Interest income:		
Loans and advances	**4,195**	1,640
Financial assets at fair value through profit or loss	**940**	1,255
Other	**6,188**	3,664
Depreciation of fixed assets	**(70,987)**	(67,779)
Depreciation of right-of-use assets	**(62,256)**	(56,429)
Auditors' remuneration	**(5,179)**	(5,690)
Lease payments not included in the measurement of lease liabilities *(Note 18(c))*	**(4,731)**	(8,540)
Direct operating expenses arising from rental-earning investment properties	**(1,746)**	(2,109)
Cost of inventories sold *(Note (c))*	**(307,572)**	(288,821)
Selling and distribution expenses *(Note (d))*	**(45,241)**	(41,800)
Legal and professional fees *(Note (d))*	**(17,403)**	(18,264)
Consultancy and service fees *(Note (d))*	**(9,135)**	(10,989)
Utilities charges *(Note (d))*	**(13,424)**	(11,705)

Note:

(a) The amounts include Directors' emoluments disclosed in Note 9 to the financial statements.

(b) At 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2022 — Nil).

(c) The amount included depreciation of fixed assets of HK$20,507,000 (2022 — HK$22,053,000) and employee benefit expense of HK$26,558,000 (2022 — HK$28,516,000).

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

9. DIRECTORS' EMOLUMENTS

Directors' emoluments for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	2023 HK$'000	2022 HK$'000
Directors' fees	**2,754**	2,532
Basic salaries, allowances and benefits in kind	**3,683**	3,538
Discretionary bonuses paid and payable	**11,687**	11,683
Retirement benefit costs	**102**	96
	18,226	17,849

The emoluments paid to each of the Directors during the year ended 31 December 2023 are as follows:

2023	Directors' fees HK$'000	Basic salaries, allowances and benefits in kind HK$'000	Discretionary bonuses paid and payable HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive directors:					
Stephen Riady	263	2,111	10,087	66	12,527
John Luen Wai Lee	263	710	1,000	18	1,991
James Siu Lung Lee	263	862	600	18	1,743
Brian Riady *(Note (a))*	200	–	–	–	200
	989	3,683	11,687	102	16,461
Non-executive director:					
Leon Nim Leung Chan	432	–	–	–	432
Independent non-executive directors:					
Edwin Neo	494	–	–	–	494
Victor Ha Kuk Yung	463	–	–	–	463
Min Yen Goh *(Note (b))*	376	–	–	–	376
	1,333	–	–	–	1,333
	2,754	3,683	11,687	102	18,226

9. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments paid to each of the Directors during the year ended 31 December 2022 are as follows:

2022	Directors' fees HK$'000	Basic salaries, allowances and benefits in kind HK$'000	Discretionary bonuses paid and payable HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive directors:					
Stephen Riady	255	2,070	10,083	60	12,468
John Luen Wai Lee	255	638	1,000	18	1,911
James Siu Lung Lee	255	830	600	18	1,703
	765	3,538	11,683	96	16,082
Non-executive director:					
Leon Nim Leung Chan	419	–	–	–	419
Independent non-executive directors:					
Edwin Neo	419	–	–	–	419
Victor Ha Kuk Yung	449	–	–	–	449
Min Yen Goh *(Note (b))*	2	–	–	–	2
King Fai Tsui *(Note (c))*	478	–	–	–	478
	1,348	–	–	–	1,348
	2,532	3,538	11,683	96	17,849

Note:

(a) Brian Riady was appointed as an executive director of the Company on 30 March 2023.

(b) Min Yen Goh was appointed as an independent non-executive director of the Company on 30 December 2022.

(c) King Fai Tsui resigned as an independent non-executive director of the Company on 30 December 2022.

There were no arrangements under which a Director waived or agreed to waive any emoluments during the year.

No share options were granted to the Directors during the year.

10. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The five highest paid employees during the year ended 31 December 2023 included one Director (2022 — one Director), details of whose emoluments are set out in Note 9 to the financial statements. Details of the emoluments of the remaining four (2022 — four) non-director, highest paid employees for the year are as follows:

	2023 HK$'000	2022 HK$'000
Basic salaries, allowances and benefits in kind	**9,307**	8,672
Discretionary bonuses paid and payable	**1,927**	4,230
Retirement benefit costs	**211**	161
	11,445	13,063

The number of non-director, highest paid employees whose emoluments fell within the following bands is as follows:

Emoluments bands (HK$):	2023 Number of employees	2022 Number of employees
2,000,001 — 2,500,000	**1**	1
2,500,001 — 3,000,000	**1**	1
3,000,001 — 3,500,000	**2**	1
4,500,001 — 5,000,000	**–**	1
	4	4

11. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on bank and other borrowings	**46,806**	35,847
Interest on lease liabilities	**5,474**	4,146
	52,280	39,993

12. INCOME TAX

	2023 HK$'000	2022 HK$'000
Hong Kong:		
Overprovision in prior years	**–**	(10)
Deferred *(Note 28)*	**(970)**	109
	(970)	99
Mainland China and overseas:		
Charge for the year	**3,423**	3,639
Overprovision in prior years	**(1,312)**	(1,749)
Deferred *(Note 28)*	**(2,337)**	(5,472)
	(226)	(3,582)
Total credit for the year	**(1,196)**	(3,483)

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.

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax credit at the effective tax rate is as follows:

	2023 HK$'000	2022 HK$'000
Loss before tax	**(185,960)**	(320,005)
Tax at the statutory tax rate of 16.5% (2022 — 16.5%)	**(30,683)**	(52,801)
Effect of different tax rates in other jurisdictions	**(6,121)**	(4,284)
Adjustments in respect of current tax of previous years	**(1,312)**	(1,759)
Losses/(Profits) attributable to joint ventures and associates	**677**	(6,526)
Income not subject to tax	**(11,215)**	(12,967)
Expenses not deductible for tax	**26,904**	38,678
Effect of partial tax exemption and tax relief	**(201)**	(99)
Benefits from tax losses/temporary differences previously unrecognised	**(2,632)**	–
Tax losses/temporary differences not recognised	**23,387**	36,275
Tax credit at the Group's effective rate	**(1,196)**	(3,483)

13. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated based on (i) the consolidated loss for the year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 918,691,000 ordinary shares (2022 (restated) — approximately 918,691,000 ordinary shares) in issue during the year.

On 6 June 2023, every ten issued ordinary shares of the Company were consolidated into one share (the "Share Consolidation"). For the year ended 31 December 2022, the weighted average number of ordinary shares has been adjusted for the effect of the Share Consolidation.

(b) Diluted loss per share

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

14. DIVIDEND

	2023 HK$'000	2022 HK$'000
Interim dividend, declared — Nil (2022 — HK0.35 cents per ordinary share before Share Consolidation)	**–**	32,154
Final dividend, proposed — Nil (2022 — Nil)	**–**	–
	–	32,154

15. INTANGIBLE ASSETS

	Goodwill HK$'000	Trademark licence agreement HK$'000	Unpatented technology HK$'000	Total HK$'000
2023				
Cost:				
At 1 January 2023	**153,671**	**189,261**	**82,967**	**425,899**
Exchange adjustments	**2,099**	**2,996**	**1,313**	**6,408**
At 31 December 2023	**155,770**	**192,257**	**84,280**	**432,307**
Accumulated amortisation and impairment losses:				
At 1 January 2023	**132,637**	**189,261**	**82,967**	**404,865**
Exchange adjustments	**2,099**	**2,996**	**1,313**	**6,408**
At 31 December 2023	**134,736**	**192,257**	**84,280**	**411,273**
Net carrying amount:				
At 31 December 2023	**21,034**	**–**	**–**	**21,034**
2022				
Cost:				
At 1 January 2022	152,651	187,805	82,329	422,785
Exchange adjustments	1,020	1,456	638	3,114
At 31 December 2022	153,671	189,261	82,967	425,899
Accumulated amortisation and impairment losses:				
At 1 January 2022	131,617	187,805	82,329	401,751
Exchange adjustments	1,020	1,456	638	3,114
At 31 December 2022	132,637	189,261	82,967	404,865
Net carrying amount:				
At 31 December 2022	21,034	–	–	21,034

Trademark licence agreement relates to the right to use the "Délifrance" trademark granted under a licence agreement. The value of the trademark licence agreement was fully impaired in prior years.

Unpatented technology relates to Delifrance's Modified Sous Vide Process for the Group's food retail business, which allows for the preparation of food to reduce wastage significantly, increases the shelf life of the food items, and reduces the time required to reheat food significantly. The value of the unpatented technology was fully impaired in prior years.

15. INTANGIBLE ASSETS *(continued)*

Impairment testing of goodwill

The carrying amount of goodwill acquired through business combinations allocated to the food businesses is as follows:

	Goodwill HK$'000	Compounded revenue growth rate %	Long-term growth rate %	Pre-tax discount rate per annum %
At 31 December 2023				
All Around Limited	**21,034**	**4.1**	**1.0**	**4.5**
At 31 December 2022				
All Around Limited	21,034	18.9	1.0	6.6

The recoverable amounts have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a period of five years (2022 — five years). Management has considered and determined the factors applied in these financial budgets which include budgeted gross margins and the target growth rates.

Key assumptions used in the value-in-use calculations

Compounded revenue growth rate — The compounded revenue growth rate is the rate which revenue grows over a period of five years, taking into account the effect of annual compounding. Management determines the growth rate based on past performance and its expectations for market development. The forecast is based on management's past experience and does not exceed the long-term average growth rate for the industries relevant to the CGUs.

Long-term growth rate — The forecast long-term growth rate is based on published industry research and does not exceed the long-term average growth rate for the industry.

Pre-tax discount rate — The discount rate represents the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital.

Impairment loss recognised

For the years ended 31 December 2023 and 2022, impairment assessment review had been performed for the goodwill acquired in All Around Limited and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value. No impairment loss was charged to the consolidated statement of profit or loss during the year ended 31 December 2023 (2022 — Nil) based on the impairment assessment review.

Sensitivity to changes in assumptions

For the years ended 31 December 2023 and 2022, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the business units to materially exceed their recoverable amounts.

16. FIXED ASSETS

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures, plant and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
2023						
At 1 January 2023						
Cost	949,833	193,463	308,564	13,058	6,698	1,471,616
Accumulated depreciation and impairment losses	(185,708)	(143,280)	(133,897)	(5,502)	–	(468,387)
Net carrying amount	764,125	50,183	174,667	7,556	6,698	1,003,229
At 1 January 2023, net of accumulated depreciation and impairment losses	764,125	50,183	174,667	7,556	6,698	1,003,229
Additions	497	21,696	15,711	7,721	586	46,211
Reclassification	94	2,437	734	–	(3,265)	–
Disposals	–	(2,882)	(218)	–	(23)	(3,123)
Depreciation provided during the year	(19,705)	(21,458)	(28,567)	(1,257)	–	(70,987)
Exchange adjustments	(7,382)	(43)	(6,854)	(305)	(209)	(14,793)
At 31 December 2023, net of accumulated depreciation and impairment losses	737,629	49,933	155,473	13,715	3,787	960,537
At 31 December 2023						
Cost	942,606	211,279	306,738	20,435	3,787	1,484,845
Accumulated depreciation and impairment losses	(204,977)	(161,346)	(151,265)	(6,720)	–	(524,308)
Net carrying amount	737,629	49,933	155,473	13,715	3,787	960,537

16. FIXED ASSETS (continued)

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures, plant and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
2022						
At 1 January 2022						
Cost	953,632	189,747	313,960	5,393	4,022	1,466,754
Accumulated depreciation and impairment losses	(166,328)	(134,585)	(108,187)	(4,922)	–	(414,022)
Net carrying amount	787,304	55,162	205,773	471	4,022	1,052,732
At 1 January 2022, net of accumulated depreciation and impairment losses	787,304	55,162	205,773	471	4,022	1,052,732
Additions	5,201	11,305	9,413	7,686	3,384	36,989
Reclassification	–	432	–	–	(432)	–
Disposals	–	(23)	(90)	–	–	(113)
Depreciation provided during the year	(19,700)	(16,423)	(31,054)	(602)	–	(67,779)
Write-off during the year	–	–	–	–	(57)	(57)
Exchange adjustments	(8,680)	(270)	(9,375)	1	(219)	(18,543)
At 31 December 2022, net of accumulated depreciation and impairment losses	764,125	50,183	174,667	7,556	6,698	1,003,229
At 31 December 2022						
Cost	949,833	193,463	308,564	13,058	6,698	1,471,616
Accumulated depreciation and impairment losses	(185,708)	(143,280)	(133,897)	(5,502)	–	(468,387)
Net carrying amount	764,125	50,183	174,667	7,556	6,698	1,003,229

Certain land and buildings have been mortgaged to secure banking facilities made available to the Group as set out in Note 26 to the financial statements.

17. INVESTMENT PROPERTIES

	2023 HK$'000	2022 HK$'000
Carrying amount at beginning of year	**644,432**	685,704
Fair value adjustments	**(25,684)**	(22,149)
Exchange adjustments	**(1,599)**	(19,123)
Carrying amount at end of year	**617,149**	644,432

Certain investment properties have been mortgaged to secure banking facilities made available to the Group as set out in Note 26 to the financial statements.

The Group engages external, independent and professionally qualified valuers to perform valuations for determining the fair value of the Group's investment properties for financial reporting purposes. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has reviewed the valuation results by verifying the major inputs and assumptions made by the independent valuers and assessing the reasonableness of property valuation.

Based on professional valuations as at 31 December 2023 made by CBRE, Inc., Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Dalia Assis, Newmark Polska Sp. z o.o., RHL Appraisal Limited and Vigers Appraisal and Consulting Limited, independent qualified valuers, the investment properties were revalued on an open market, existing use basis at HK$617,149,000 (2022 — HK$644,432,000).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
At 31 December 2023				
Recurring fair value measurement for:				
Completed investment properties in:				
Hong Kong	**–**	**–**	**388,600**	**388,600**
Mainland China	**–**	**–**	**124,693**	**124,693**
Overseas	**–**	**–**	**103,856**	**103,856**
	–	**–**	**617,149**	**617,149**
At 31 December 2022				
Recurring fair value measurement for:				
Completed investment properties in:				
Hong Kong	–	–	397,500	397,500
Mainland China	–	–	146,652	146,652
Overseas	–	–	100,280	100,280
	–	–	644,432	644,432

17. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022 — Nil).

Below is a summary of the valuation techniques used and key inputs to the valuation of investment properties:

Class of property	Valuation techniques	Significant unobservable inputs	Range
Completed investment properties in:			
Hong Kong	Market approach	Price per square metre	HK$201,000 to HK$289,500 (2022 — HK$219,000 to HK$275,500)
	Income approach	Capitalisation rate	2.6% to 8.0% (2022 — 2.5% to 8.0%)
Mainland China	Market approach	Price per square metre	HK$11,000 to HK$11,500 (2022 — HK$11,500 to HK$12,500)
Overseas	Market approach	Price per square metre	HK$9,500 to HK$124,000 (2022 — HK$6,500 to HK$109,000)

Under the market approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by referring to comparable sales transactions as available in the market. The key input was the market price per square metre. A significant increase/decrease in the market price in isolation would result in a significant increase/decrease in the fair value of the investment properties.

Under the income approach, fair value is estimated on the basis of capitalisation of the net income and has allowed for outgoings and, in appropriate cases, made provisions for reversionary income potential. The key input was the capitalisation rate. A significant increase/decrease in the capitalisation rate in isolation would result in a significant decrease/increase in the fair value of the investment properties.

18. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties, equipment and motor vehicles used in its operations. Leases of properties generally have lease terms of 1 to 10 years. Equipment generally has lease terms of 2 to 5 years, while motor vehicles generally have lease terms of 2 to 10 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases with lease term of 1 year or less and leases of low-value assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land and buildings HK$'000	Plant and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
2023				
At 1 January 2023	**138,503**	**471**	**16,867**	**155,841**
Additions	**62,122**	**2,165**	**2,598**	**66,885**
Depreciation provided during the year	**(51,640)**	**(770)**	**(9,846)**	**(62,256)**
Exchange adjustments	**516**	**3**	**120**	**639**
At 31 December 2023	**149,501**	**1,869**	**9,739**	**161,109**
2022				
At 1 January 2022	129,369	971	25,863	156,203
Additions	56,574	–	496	57,070
Depreciation provided during the year	(46,468)	(500)	(9,461)	(56,429)
Exchange adjustments	(972)	–	(31)	(1,003)
At 31 December 2022	138,503	471	16,867	155,841

18. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 HK$'000	2022 HK$'000
Balance at beginning of year	**165,383**	166,136
Additions	**66,885**	57,070
COVID-19-related rent concessions from lessors	**–**	(2,982)
Interest expenses	**5,474**	4,146
Payments	**(64,185)**	(58,932)
Exchange adjustments	**(737)**	(55)
Balance at end of year	**172,820**	165,383
Analysed into:		
Within one year	**46,837**	56,782
After one year but within two years	**43,659**	39,745
After two years but within five years	**71,929**	54,883
Over five years	**10,395**	13,973
	125,983	108,601
	172,820	165,383

The maturity analysis of lease liabilities is disclosed in Note 38(b) to the financial statements.

The Group applied the practical expedient to all eligible COVID-19-related rent concessions granted by the lessors during the year ended 31 December 2022.

(c) Amounts recognised in profit or loss in relation to leases

	2023 HK$'000	2022 HK$'000
Interest on lease liabilities	**5,474**	4,146
Depreciation of right-of-use assets	**62,256**	56,429
Expense relating to short-term leases (included in administrative expenses)	**628**	1,838
Expense relating to leases of low-value assets (included in administrative expenses)	**256**	324
Variable lease payments not included in the measurement of lease liabilities (included in administrative expenses)	**3,847**	6,378
COVID-19-related rent concessions from lessors	**–**	(2,982)
Total amount recognised in the statement of profit or loss	**72,461**	66,133

18. LEASES *(continued)*

The Group as a lessee *(continued)*

(d) Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. The Group does not expect to exercise the termination options under the lease contracts. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease terms:

	Payable within five years HK$'000	Payable after five years HK$'000	Total HK$'000
At 31 December 2023			
Extension options expected not to be exercised	**3,591**	**43,824**	**47,415**
At 31 December 2022			
Extension options expected not to be exercised	37,771	48,977	86,748

(e) Variable lease payments

The Group leased certain properties which contain variable lease payment terms that are based on the percentage of sales in excess of the base rent. There are also minimum annual base rental arrangements for these leases. The amounts of the fixed and variable lease payments made during the year ended 31 December 2023 for these leases were HK$542,000 and HK$3,847,000 (2022 — HK$1,948,000 and HK$6,378,000), respectively.

(f) The total cash outflow for leases is disclosed in Note 32(d) to the financial statements.

The Group as a lessor

The Group leases certain properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market condition. Details of the rental income recognised by the Group are included in Note 5 to the financial statements.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 HK$'000	2022 HK$'000
Within one year	**12,491**	11,437
After one year but within two years	**6,671**	6,143
After two years but within three years	**2,667**	2,838
After three years but within four years	**1,165**	1,393
After four years but within five years	**1,129**	1,346
After five years	**2,001**	2,809
	26,124	25,966

19. INTERESTS IN ASSOCIATES

	2023 HK$'000	2022 HK$'000
Share of net assets	**558,203**	564,091
Goodwill	**284,586**	280,638
Provisions for impairment losses	**(23,192)**	(22,831)
	819,597	821,898

Details of the principal associates are set out on page 179.

Healthway Medical Corporation Limited ("Healthway") and TIH Limited ("TIH") are considered as material associates of the Group.

Healthway

Healthway, together with its subsidiaries, has a wide network of over 130 clinics and medical centres, mainly in Singapore. Healthway was delisted from the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited with effect from 8 November 2023. Healthway is accounted for using the equity method. As at 31 December 2023, the Group's equity interest in Healthway remained at 40.76% (2022 — 40.76%).

TIH

TIH is a closed-end fund listed in Singapore which focuses on investment in various sectors in Asia such as consumer and industrial products, healthcare, technology, media and telecommunications, food, manufacturing and chemicals. TIH is accounted for using the equity method. As at 31 December 2023, the Group's equity interest in TIH remained at 39.92% (2022 — 39.92%).

The Group assessed that there was indication that the carrying amount of interest in TIH may be impaired as at 31 December 2023. The recoverable amount of the associate is estimated based on a value-in-use calculation. The Directors considered no impairment loss was necessary for the year ended 31 December 2023 (2022 — Nil).

19. INTERESTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised consolidated financial information of Healthway and TIH, adjusted for fair value adjustments on acquisition (if any) and any differences in accounting policies and reconciled to the carrying amounts in the financial statements:

	Healthway		TIH	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current assets	**323,751**	399,530	**341,175**	370,874
Non-current assets	**826,050**	585,284	**515,806**	512,428
Current liabilities	**(265,775)**	(229,373)	**(139,132)**	(136,731)
Non-current liabilities	**(254,131)**	(168,817)	**(787)**	(996)
Net assets, excluding goodwill	**629,895**	586,624	**717,062**	745,575
Less: Non-controlling interests	**(22,329)**	(7,898)	**–**	–
Net assets attributable to equity holders of the associates	**607,566**	578,726	**717,062**	745,575
Reconciliation to the Group's interests in associates:				
Group's share of net assets of associates, excluding goodwill	**247,636**	235,882	**286,251**	297,633
Goodwill, less cumulative impairment	**241,728**	237,961	**–**	–
Carrying amount of the investments	**489,364**	473,843	**286,251**	297,633
Revenue for the year	**997,609**	926,044	**32,580**	57,577
Profit/(Loss) for the year attributable to equity holders of the associates	**18,916**	71,065	**(25,631)**	25,642
Other comprehensive income for the year attributable to equity holders of the associates	**18,696**	9,121	**11,208**	5,945
Total comprehensive income/(loss) for the year attributable to equity holders of the associates	**37,612**	80,186	**(14,423)**	31,587
Dividend received for the year	**–**	–	**5,624**	5,479
Fair value of the Group's listed investments *(Note)*	**N/A**	398,381	**106,737**	126,425

Note: Based on the quoted market prices as at 31 December 2023 and 2022 (Level 1 in the fair value hierarchy)

N/A: Not applicable

19. INTERESTS IN ASSOCIATES *(continued)*

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2023 HK$'000	2022 HK$'000
Share of the associates' profit/(loss) for the year	**(1,930)**	554
Share of the associates' other comprehensive income for the year	**1**	–
Share of the associates' total comprehensive income/(loss) for the year	**(1,929)**	554
Aggregate carrying amount of the Group's interests in the associates	**43,982**	50,422

20. INTERESTS IN JOINT VENTURES

	2023 HK$'000	2022 HK$'000
Share of net liabilities	**(539)**	(900)
Due from joint ventures	**212,811**	211,295
Provisions for impairment losses	**(133,698)**	(133,495)
	78,574	76,900

As at 31 December 2023, the amounts due from joint ventures included balances of HK$37,579,000 (2022 — HK$35,971,000), which are unsecured, bear interest at rates ranging from nil to 5% per annum (2022 — nil to 5% per annum) and are repayable when the resources of the joint venture permit. The remaining balances with the joint ventures are unsecured, interest-free and repayable on demand. In the opinion of the Directors, the balances with joint ventures are considered as part of the Group's net investments in the joint ventures. As at 31 December 2023, the loss allowance for impairment of amounts due from joint ventures amounted to HK$133,698,000 (2022 — HK$133,495,000), which represented lifetime ECLs made for credit-impaired balances. Loss allowance of HK$34,000 (2022 — HK$62,000) was provided for the year ended 31 December 2023 for credit-impaired receivables with a gross carrying amount of HK$34,000 (2022 — HK$62,000). Except for the credit-impaired balances, there has been no significant increase in credit risk of the remaining balances. As at 31 December 2023 and 2022, the loss allowance for such remaining balances was assessed to be minimal.

Details of the principal joint ventures are set out on page 180.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2023 HK$'000	2022 HK$'000
Share of the joint ventures' profit/(loss) and total comprehensive income/(loss) for the year	**346**	(404)
Aggregate carrying amount of the Group's interests in the joint ventures	**78,574**	76,900

20. INTERESTS IN JOINT VENTURES *(continued)*

Reference was made to the Group's minority ownership interest in Skye Mineral Partners, LLC ("Skye") whose major asset, prior to the events described below, was substantially all of the equity interests in CS Mining, LLC ("CS Mining"), a company that owned a number of copper ore deposits in the U.S.A. Subsequently, CS Mining sold its assets through a court-supervised sale process under its bankruptcy proceedings and a former joint venture of the Company participated and won the bid to acquire the assets in 2017. In 2018, a verified complaint (the "Complaint") was filed in a state court in the U.S.A. by the majority investors in Skye (the "Majority Investors") individually and derivatively on behalf of Skye against, among others, certain entities and persons in or related to the Group (collectively, the "Parties"), alleging, among other things, that they suffered from diminution in the value of their equity interests in CS Mining based on an alleged scheme perpetrated by the Parties on CS Mining. The Parties filed a motion to dismiss the Complaint. As a result, the court issued a decision in 2020 to grant the motion in part and dismiss several causes of action. With respect to the remaining parts of the Complaint that were not dismissed, the court did not rule on the merits of those claims and the Parties filed their answer to the same. The Majority Investors will have to provide evidence to establish the claims that were not dismissed. The Group, individually and derivatively on behalf of Skye, also filed a counterclaim (the "Counterclaim") against the Majority Investors and their related persons (the "Counterparties"), in which the Group has claimed that the Counterparties, at all relevant times, controlled both Skye and CS Mining, preferred their own interests over those of Skye and its creditors and other owners and that this misconduct of the Counterparties caused the Group to suffer loss. The Counterparties filed a motion to dismiss the Counterclaim. In 2021, the court issued its decision to grant the motion in part, resulting in certain counts of the Counterclaim being dismissed. Importantly, with respect to the counts of the Counterclaim that were dismissed, the court specifically ruled that the Group may present evidence of the Counterparties' alleged misconduct to defend against or set off any potential damages that may arise from the claims asserted against the Group. The Counterparties filed their answer to the remaining counts of the Counterclaim. The litigation is still ongoing. The Group continues to believe the Complaint is wholly frivolous and without basis and will continue to defend the Complaint vigorously and also prosecute the Counterclaim against the Counterparties to recover for the harm that they caused both CS Mining and Skye.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 **HK$'000**	2022 HK$'000
Financial assets at fair value through other comprehensive income:		
Equity securities	**49,300**	72,639

The Group has designated certain equity securities as financial assets at fair value through other comprehensive income as the Group considers these equity securities to be strategic in nature.

During the year ended 31 December 2023, the Group recognised dividend income of HK$724,000 (2022 — Nil) from investments held at the end of the reporting period. Such dividend income is included in "Revenue" in the consolidated statement of profit or loss.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$'000	2022 HK$'000
Mandatorily classified as such, including those held for trading:		
Equity securities	**279,165**	235,193
Debt securities	**37,844**	40,901
Investment funds	**432,261**	508,531
	749,270	784,625
Analysed for financial reporting purposes as:		
Current assets	**303,967**	308,198
Non-current assets	**445,303**	476,427
	749,270	784,625

As at 31 December 2022, certain financial assets at fair value through profit or loss had been pledged as security for the Group's other loan as set out in Note 26 to the financial statements.

23. DEBTORS, PREPAYMENTS AND OTHER ASSETS

Trade debtors mainly relate to the food businesses operation. Trading terms with customers are either on a cash basis or on credit. For those customers who trade on credit, a credit period is allowed according to relevant business practice. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by the senior management. The Group does not hold any collateral or other credit enhancements over its trade debtors balances. Trade debtors are non-interest bearing.

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	**28,062**	28,189
Between 31 and 60 days	**21,258**	19,105
Between 61 and 90 days	**14,413**	12,155
Over 90 days	**396**	582
	64,129	60,031

As at 31 December 2023, the balances of debtors, prepayments and other assets included loans and advances of HK$49,316,000, which are unsecured, bear interest at rates ranging from 5.0% to 6.0% per annum and are repayable within one to two years (2022 — Nil). The Group does not hold any collateral or other credit enhancements over these balances.

23. DEBTORS, PREPAYMENTS AND OTHER ASSETS *(continued)*

The remaining balances of debtors, prepayments and other assets are non-interest bearing and relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2023 and 2022, the loss allowance for these balances was assessed to be minimal.

The movements in the loss allowance for impairment of trade debtors are as follows:

	2023 HK$'000	2022 HK$'000
Balance at beginning of year	**2,050**	1,907
Impairment losses recognised	**–**	153
Write-off	**(752)**	(28)
Exchange adjustments	**22**	18
Balance at end of year	**1,320**	2,050

An impairment analysis for trade debtors is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on the past due status of the debtors and adjusted for factors specific to the debtors, general economic condition forecasts and forward-looking information that is available without undue cost or effort. For the year ended 31 December 2022, loss allowance of HK$153,000 was charged to the consolidated statement of profit or loss for receivables arising from contracts with customers under the food businesses.

Set out below is the information about credit risk exposure on the Group's trade debtors using a provision matrix:

		2023			2022	
	Expected credit loss rate	**Gross carrying amount HK$'000**	**Expected credit losses HK$'000**	Expected credit loss rate	Gross carrying amount HK$'000	Expected credit losses HK$'000
Current	**0%**	**35,336**	**–**	0%	33,484	–
Past due:						
Within 30 days	**0%**	**24,108**	**–**	0%	24,548	–
Between 31 and 90 days	**19.8%**	**5,390**	**1,065**	39.4%	2,528	995
Between 91 and 120 days	**50.2%**	**319**	**160**	31.1%	676	210
Over 121 days	**32.1%**	**296**	**95**	100.0%	845	845
	2.0%	**65,449**	**1,320**	3.3%	62,081	2,050

23. DEBTORS, PREPAYMENTS AND OTHER ASSETS *(continued)*

The movements in the loss allowance for impairment of loans and advances are as follows:

	2023			2022
	12-month ECLs HK$'000	Lifetime ECLs HK$'000	Total HK$'000	Lifetime ECLs HK$'000
Balance at beginning of year	–	212,727	212,727	212,682
Impairment losses recognised	1,799	–	1,799	–
Write-off	–	(212,997)	(212,997)	(92)
Exchange adjustments	–	270	270	137
Balance at end of year	1,799	–	1,799	212,727

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate, general economic condition forecasts and forward-looking information that is available without undue cost or effort. Lifetime ECLs were made in prior years for credit-impaired loans and advances mainly arising from the mineral exploration and extraction businesses. Such amounts were fully written off during the year as further recovery is not expected. All loans and advances provided during the year were considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12-month ECLs. During the year ended 31 December 2023, the 12-month ECLs of HK$1,799,000 were provided (2022 — Nil) for loans and advances granted during the year with a gross amount of HK$51,115,000 (2022 — Nil).

24. INVENTORIES

	2023 HK$'000	2022 HK$'000
Raw materials and stores	15,022	14,980
Finished goods and goods for sale	8,940	10,216
	23,962	25,196

25. OTHER FINANCIAL ASSETS/LIABILITY

	2023		2022	
	Assets HK$'000	Liability HK$'000	Assets HK$'000	Liability HK$'000
Derivative financial instruments:				
Futures	–	569	63	–
Warrants	–	–	588	–
	–	569	651	–

26. BANK AND OTHER BORROWINGS

	2023 HK$'000	2022 HK$'000
Current portion:		
Secured bank loans *(Note (a))*	**141,834**	539,273
Secured other loan *(Note (b))*	**–**	11,649
	141,834	550,922
Non-current portion:		
Secured bank loans *(Note (a))*	**502,998**	312,515
	644,832	863,437
Bank and other borrowings by currency:		
Hong Kong dollar	**602,352**	697,980
Singapore dollar	**–**	120,988
Malaysian ringgit	**42,480**	44,469
	644,832	863,437
Bank loans repayable:		
Within one year	**141,834**	539,273
In the second year	**341,337**	33,915
In the third to fifth years, inclusive	**161,661**	278,600
	644,832	851,788
Other borrowings repayable:		
Within one year	**–**	11,649

The Group's bank loans bear interest at rates ranging from 4.7% to 7.8% per annum (2022 — 2.5% to 7.3% per annum).

Note:

(a) At the end of the reporting period, the bank loans were secured by:

(i) first legal mortgages over certain investment properties and land and buildings of the Group with carrying amounts of HK$324,050,000 (2022 — HK$332,750,000) and HK$737,629,000 (2022 — HK$764,127,000), respectively; and

(ii) fixed and floating charges over all the assets of certain subsidiaries of the Group.

(b) The Group's secured other loan as at 31 December 2022 represented a loan advanced from a third party which bore interest at a rate of 0.1% per annum. The loan was secured by financial assets at fair value through profit or loss with a carrying amount of HK$34,992,000.

27. CREDITORS, ACCRUALS AND OTHER LIABILITIES

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

	2023 HK$'000	2022 HK$'000
Outstanding balances with ages:		
Within 30 days	**28,076**	32,617
Between 31 and 60 days	**11,620**	10,601
Between 61 and 90 days	**2,804**	460
Over 90 days	**1,237**	1,642
	43,737	45,320

The balances of creditors are non-interest bearing and are generally settled on their normal trade terms.

28. DEFERRED TAX

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and movements during the year are as follows:

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Right-of-use assets HK$'000	Lease liabilities HK$'000	Tax losses HK$'000	Provision and accruals HK$'000	Total HK$'000
2023							
At 31 December 2022	**25,522**	**19,029**	**–**	**–**	**(28,576)**	**(2,586)**	**13,389**
Effect of adoption of amendments to HKAS 12 *(Note 2.2(c))*	**–**	**–**	**23,312**	**(23,312)**	**–**	**–**	**–**
At 1 January 2023 (restated)	**25,522**	**19,029**	**23,312**	**(23,312)**	**(28,576)**	**(2,586)**	**13,389**
Deferred tax charged/(credited) to the statement of profit or loss during the year *(Note 12)*	**4,175**	**(5,065)**	**(3,236)**	**1,567**	**(2,450)**	**1,702**	**(3,307)**
Exchange adjustments	**(1,285)**	**(490)**	**347**	**(373)**	**1,377**	**14**	**(410)**
At 31 December 2023	**28,412**	**13,474**	**20,423**	**(22,118)**	**(29,649)**	**(870)**	**9,672**
2022							
At 31 December 2021	9,658	25,304	–	–	(10,741)	(1,976)	22,245
Effect of adoption of amendments to HKAS 12 *(Note 2.2(c))*	–	–	26,242	(26,242)	–	–	–
At 1 January 2022 (restated)	9,658	25,304	26,242	(26,242)	(10,741)	(1,976)	22,245
Deferred tax charged/(credited) to the statement of profit or loss during the year (restated) *(Note 12)*	15,403	(2,750)	(3,049)	3,049	(17,312)	(704)	(5,363)
Exchange adjustments	461	(3,525)	119	(119)	(523)	94	(3,493)
At 31 December 2022 (restated)	25,522	19,029	23,312	(23,312)	(28,576)	(2,586)	13,389

28. DEFERRED TAX *(continued)*

The following is the reconciliation to the consolidated statement of financial position for financial reporting purposes:

	2023 HK$'000	2022 HK$'000
Deferred tax assets recognised in the consolidated statement of financial position	**(5,233)**	(6,937)
Deferred tax liabilities recognised in the consolidated statement of financial position	**14,905**	20,326
	9,672	13,389

The Group has tax losses of HK$1,980,522,000 (2022 — HK$2,037,869,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except for tax losses of HK$12,820,000 (2022 — HK$10,591,000) which will expire in one to five years (2022 — one to five years) and tax losses of HK$165,942,000 (2022 — HK$150,072,000) which will expire after five years. Deferred tax assets have not been recognised in respect of these tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group also has unrecognised deferred tax assets in respect of unabsorbed capital allowances of HK$9,535,000 (2022 — HK$4,342,000) available for offsetting future taxable income, subject to compliance with the relevant rules and procedures and agreement of the respective tax authorities. The Group did not recognise those deferred tax assets as it is not probable that taxable profits will be available against which the unabsorbed capital allowances can be utilised.

Pursuant to the People's Republic of China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2023, there were no significant unrecognised deferred tax liabilities (2022 — Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payments of dividends by the Company to its shareholders.

29. SHARE CAPITAL

	Number of ordinary shares	HK$'000
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 1 January 2023	**9,186,912,716**	**1,705,907**
Share Consolidation *(Note)*	**(8,268,221,445)**	**–**
At 31 December 2023	**918,691,271**	**1,705,907**

Note: Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 2 June 2023, every ten issued ordinary shares of the Company were consolidated into one share. The Share Consolidation became effective on 6 June 2023.

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company have no par value.

30. RESERVES

The amounts of the Group's reserves and movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 90.

31. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Auric Pacific Group Limited is considered a subsidiary that has material non-controlling interests. The percentage of ownership interest held by its non-controlling shareholders as at 31 December 2023 was 59.8% (2022 — 59.8%). Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2023 HK$'000	2022 HK$'000
Loss for the year allocated to non-controlling interests	**(33,213)**	(30,885)
Accumulated balances of non-controlling interests at the end of the reporting period	**289,205**	305,760

The following tables illustrate the summarised consolidated financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2023 HK$'000	2022 HK$'000
Current assets	**113,904**	229,058
Non-current assets	**381,147**	431,971
Current liabilities	**(260,480)**	(301,670)
Non-current liabilities	**(40,913)**	(85,373)
Revenue	**325,782**	267,626
Total expenses	**(381,341)**	(319,291)
Loss for the year	**(55,559)**	(51,665)
Total comprehensive loss for the year	**(83,735)**	(70,883)
Net cash flows used in operating activities	**(9,004)**	(43,763)
Net cash flows from investing activities	**17,194**	105,228
Net cash flows used in financing activities	**(91,120)**	(22,753)
Net increase/(decrease) in cash and cash equivalents	**(82,930)**	38,712

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before tax to cash used in operations

	Note	2023 HK$'000	2022 HK$'000
Loss before tax		**(185,960)**	(320,005)
Adjustments for:			
Share of results of associates		**4,452**	(39,956)
Share of results of joint ventures		**(346)**	404
Loss on disposal of fixed assets	7	**3,098**	99
Loss on deemed disposal of an associate	7	**–**	45
Loss on derecognition of an associate	7	**496**	–
Provisions for impairment losses on:			
A joint venture	7	**34**	62
Inventories	7	**1,539**	1,868
Loans and receivables	7	**1,799**	153
Fixed assets written off	7	**–**	57
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	7	**–**	(237)
Net fair value loss/(gain) on financial instruments at fair value through profit or loss	8	**(19,912)**	104,334
Net fair value loss on investment properties		**25,684**	22,149
Finance costs	11	**52,280**	39,993
Interest income	5	**(11,323)**	(6,559)
Dividend income	5	**(10,718)**	(10,351)
COVID-19-related rent concessions from lessors	18	**–**	(2,982)
Depreciation of fixed assets	8	**70,987**	67,779
Depreciation of right-of-use assets	8	**62,256**	56,429
		(5,634)	(86,718)
Decrease/(Increase) in other financial assets		**63**	(2,469)
Decrease/(Increase) in inventories		**71**	(8,270)
Decrease/(Increase) in debtors, prepayments and other assets		**(62,144)**	8,231
Decrease in financial instruments at fair value through profit or loss		**3,804**	106,901
Decrease in creditors, accruals and other liabilities		**(1,882)**	(19,842)
Decrease in other financial liability		**(200)**	(9,564)
Cash used in operations		**(65,922)**	(11,731)

(b) Major non-cash transactions

Save as disclosed elsewhere in the financial statements, the Group had the following major non-cash transactions:

(i) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$66,885,000 (2022 — HK$57,070,000) and HK$66,885,000 (2022 — HK$57,070,000), respectively, in respect of lease arrangements.

(ii) During the year ended 31 December 2022, the Group exercised the conversion option of a convertible loan and received equity securities designated at fair value through other comprehensive income of HK$11,286,000.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Changes in liabilities arising from financing activities

	Bank and other borrowings HK$'000	Interest payable HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2023	**863,437**	**1,084**	**165,383**	**1,029,904**
Changes from financing cash flows:				
Drawdown of bank and other borrowings	**184,791**	**–**	**–**	**184,791**
Repayment of bank and other borrowings	**(402,694)**	**–**	**–**	**(402,694)**
Principal portion of lease payments	**–**	**–**	**(58,711)**	**(58,711)**
Finance costs paid	**(2,100)**	**(45,885)**	**(5,474)**	**(53,459)**
Total changes from financing cash flows	**(220,003)**	**(45,885)**	**(64,185)**	**(330,073)**
Addition to lease liabilities	**–**	**–**	**66,885**	**66,885**
Exchange adjustments	**(74)**	**–**	**(737)**	**(811)**
Finance costs charged to the statement of profit or loss	**1,472**	**45,334**	**5,474**	**52,280**
At 31 December 2023	**644,832**	**533**	**172,820**	**818,185**
At 1 January 2022	988,592	675	166,136	1,155,403
Changes from financing cash flows:				
Drawdown of bank and other borrowings	377,679	–	–	377,679
Repayment of bank and other borrowings	(503,118)	–	–	(503,118)
Principal portion of lease payments	–	–	(54,786)	(54,786)
Finance costs paid	(1,680)	(33,312)	(4,146)	(39,138)
Total changes from financing cash flows	(127,119)	(33,312)	(58,932)	(219,363)
Addition to lease liabilities	–	–	57,070	57,070
Exchange adjustments	(162)	–	(55)	(217)
COVID-19-related rent concessions from lessors	–	–	(2,982)	(2,982)
Finance costs charged to the statement of profit or loss	2,126	33,721	4,146	39,993
At 31 December 2022	863,437	1,084	165,383	1,029,904

(d) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2023 HK$'000	2022 HK$'000
Within operating activities	**4,731**	8,540
Within financing activities	**64,185**	58,932
	68,916	67,472

33. CONTINGENT LIABILITIES

Save as disclosed elsewhere in the financial statements, the Group had the following contingent liabilities at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
Secured bankers' guarantee	**1,337**	1,339
Unsecured bankers' guarantee	**3,357**	2,483
	4,694	3,822

The bankers' guarantees were mainly issued in lieu of rental and utility deposits for the premises used in the food businesses segment. The secured bankers' guarantees were secured by certain assets pledged as security for the bank borrowings of the Group.

34. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
Commitments in respect of properties, plant and equipment:		
Contracted, but not provided for	**4,528**	9,413
Other commitments:		
Contracted, but not provided for *(Note)*	**83,786**	111,420
	88,314	120,833

Note: The balance included the Group's commitments for financial assets at fair value through profit or loss of HK$83,786,000 (2022 — HK$93,947,000).

35. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the year:

(a) During the year, LCR Management Limited ("LCR Management"), a wholly-owned subsidiary of the Company, received rental income (including service charges) of HK$378,000 (2022 — HK$410,000) from Lippo Limited ("Lippo"), an intermediate holding company of the Company, and HK$1,166,000 (2022 — HK$1,268,000) from Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company, respectively. The rentals were determined by reference to the then prevailing open market rentals. Such leases will expire on 31 July 2024. The Group expects the total future minimum lease receivables from Lippo and HKC for the year ending 31 December 2024 to be HK$173,000 and HK$530,000, respectively.

(b) During the year, the Group received interest income of HK$1,566,000 (2022 — HK$1,566,000) from a joint venture of the Group.

(c) During the year, the Group paid consultancy and service fees of HK$1,867,000 (2022 — HK$1,818,000) to an associate of the Group. The fee was charged pursuant to the terms of the agreement signed between the parties.

(d) During the year, the Group paid management service fee of HK$2,099,000 (2022 — HK$2,045,000) to a joint venture of HKC. The fee was charged pursuant to the terms of the agreement signed between the parties.

(e) On 3 January 2020, Delifrance Singapore Pte. Ltd. (formerly known as Maxx Coffee Singapore Pte. Ltd.) (the "Maxx Coffee Franchisee"), a non-wholly owned subsidiary of the Company, entered into a franchise agreement (the "Maxx Coffee Franchise Agreement") with PT Maxx Coffee Prima (the "Maxx Coffee Franchisor"), pursuant to which the Maxx Coffee Franchisor agreed to grant the Maxx Coffee Franchisee the exclusive right and licence in Singapore to carry on the business of establishing, developing and operating the Maxx Coffee shops (the "Business") for an initial term of ten years commencing from the date of the Maxx Coffee Franchise Agreement, with an option for the Maxx Coffee Franchisee to extend for another five years upon expiration of the initial term. Due to an internal group restructuring, on 30 December 2021, the Maxx Coffee Franchisee entered into a sub-franchise agreement (the "Maxx Coffee Sub-Franchise Agreement") with Maxx Coffee Singapore Pte. Ltd., a wholly-owned subsidiary of the Maxx Coffee Franchisee, in relation to the Business commencing from 1 January 2022. The terms of the Maxx Coffee Sub-Franchise Agreement are substantially the same as the terms of the Maxx Coffee Franchise Agreement and in particular, the royalty fees to be paid by the Maxx Coffee Sub-Franchisee under the Maxx Coffee Sub-Franchise Agreement will be same as those payable by the Maxx Coffee Franchisee to the Maxx Coffee Franchisor under the Maxx Coffee Franchise Agreement. During the year, the Group paid to the Maxx Coffee Franchisor a royalty fee of HK$145,000 (2022 — HK$225,000). The amount for the year ended 31 December 2022 also included consideration for the purchase of supplies of HK$852,000. As at the date when the Maxx Coffee Franchise Agreement was entered into, the Maxx Coffee Franchisor was indirectly controlled by PT Inti Anugerah Pratama, of which Dr. Stephen Riady, an executive Director and the Chairman of the Board of Directors of the Company, and his brother, Mr. James Tjahaja Riady, were the ultimate beneficial owners.

35. RELATED PARTY TRANSACTIONS *(continued)*

(f) On 14 December 2020, Cuisine Continental Group (HK) Limited and Cuisine Continental (HK) Limited (the "Chatterbox Franchisees"), non-wholly owned subsidiaries of the Company, entered into franchise agreements (the "Chatterbox Franchise Agreements") with Chatexpress Pte. Ltd. (the "Chatterbox Franchisor"), a joint venture of HKC, pursuant to which the Chatterbox Franchisor agreed to grant to the Chatterbox Franchisees the exclusive right and licence to carry on the business of establishing and operating the restaurants known as "Chatterbox Café" and "Chatterbox Express" (together, the "Outlets"), and to conduct the business of operating casual dining restaurants and food delivery business at and from the Outlets and the channels (that is, sale and fulfilment of products via approved online food ordering and delivery platforms and any other mode of trading other than the Outlets as expressly designated by the Chatterbox Franchisor in accordance with the Chatterbox Franchise Agreements) within Hong Kong for an initial term of seven years commencing from 1 January 2021, with an option for the Chatterbox Franchisees to extend for another seven years upon expiration of the initial term. During the year, the Group paid to the Chatterbox Franchisor a royalty fee of HK$1,868,000 (2022 — HK$1,027,000).

(g) On 22 March 2021, Cynosure Asset Management Hong Kong Limited (formerly known as Lippo Investments Management Limited) (the "Service Provider"), a then wholly-owned subsidiary of the Company, entered into a corporate support services agreement (the "Corporate Support Services Agreement") with OUE Investments Pte Ltd (the "Client"), a joint venture of HKC, pursuant to which the Service Provider should provide to the Client support services for the purpose of the Client's treasury management activities for a term of three years commencing from 22 March 2021. The Corporate Support Services Agreement was terminated during the year ended 31 December 2023 and no service fee income was received during the year (2022 — HK$1,124,000).

(h) As at 31 December 2023, the Group had balances with its joint ventures, further details of which are set out in Note 20 to the financial statements.

(i) The key management personnel of the Group are its Directors. Details of the Directors' emoluments are disclosed in Note 9 to the financial statements.

The transactions referred to in items (e), (f) and (g) above were also continuing connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules. Further details of such transactions are disclosed in the section headed "Continuing Connected Transactions" in the Report of the Directors. The transactions referred to in items (a) and (d) above were continuing connected transactions exempt from the reporting, annual review and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The transactions referred to in items (b), (c), (h) and (i) above were not continuing connected transactions or connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules.

In respect of the above transactions, the relationships between the Company, HKC and Lippo, all are publicly listed companies in Hong Kong, of which the ultimate holding company is Lippo Capital Group Limited, are defined, and the Directors' interests therein are separately reported.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial assets at fair value through profit or loss — Mandatorily classified as such, including those held for trading HK$'000	Financial assets at fair value through other comprehensive income — Equity securities HK$'000	Financial assets at amortised cost HK$'000	Derivative financial instruments HK$'000	Total HK$'000
At 31 December 2023					
Financial assets at fair value through other comprehensive income	**–**	**49,300**	**–**	**–**	**49,300**
Financial assets at fair value through profit or loss	**749,270**	**–**	**–**	**–**	**749,270**
Amounts due from joint ventures	**–**	**–**	**79,113**	**–**	**79,113**
Financial assets included in debtors, prepayments and other assets	**–**	**–**	**147,512**	**–**	**147,512**
Cash and cash equivalents	**–**	**–**	**301,604**	**–**	**301,604**
	749,270	**49,300**	**528,229**	**–**	**1,326,799**
At 31 December 2022					
Financial assets at fair value through other comprehensive income	–	72,639	–	–	72,639
Financial assets at fair value through profit or loss	784,625	–	–	–	784,625
Other financial assets	–	–	–	651	651
Amounts due from joint ventures	–	–	77,800	–	77,800
Financial assets included in debtors, prepayments and other assets	–	–	91,687	–	91,687
Cash and cash equivalents	–	–	652,761	–	652,761
	784,625	72,639	822,248	651	1,680,163

36. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial liabilities

	Financial liabilities at amortised cost HK$'000	Derivative financial instruments HK$'000	Total HK$'000
At 31 December 2023			
Bank and other borrowings	**644,832**	**–**	**644,832**
Financial liabilities included in creditors, accruals and other liabilities	**165,910**	**–**	**165,910**
Other financial liability	**–**	**569**	**569**
	810,742	**569**	**811,311**
At 31 December 2022			
Bank and other borrowings	863,437	–	863,437
Financial liabilities included in creditors, accruals and other liabilities	168,131	–	168,131
	1,031,568	–	1,031,568

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Financial assets:				
Financial assets at fair value through other comprehensive income	**49,300**	72,639	**49,300**	72,639
Financial assets at fair value through profit or loss	**749,270**	784,625	**749,270**	784,625
Other financial assets	**–**	651	**–**	651
	798,570	857,915	**798,570**	857,915
Financial liability:				
Other financial liability	**569**	–	**569**	–

Management has assessed that the fair values of cash and cash equivalents, financial assets included in debtors, prepayments and other assets, amounts due from joint ventures, other loan and financial liabilities included in creditors, accruals and other liabilities approximate to their carrying amounts largely due to the short-term maturity of these instruments. In addition, the fair values of interest-bearing bank loans approximate to their carrying amounts as they are floating rate instruments that are repriced to market interest rates at or near the end of the reporting period and the changes in fair value as a result of the Group's non-performance risk were considered to be minimal.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of significant financial instruments. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines major inputs applied in the valuation.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity securities, debt securities, investment funds and futures are based on quoted market prices.

The fair values of unlisted debt securities are determined by reference to the quoted market prices from the broker using a valuation technique with market observable inputs or calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of unlisted investment funds are assessed to approximate the net asset values indicated on the net asset value statements issued by the investment fund managers, which take into consideration the fair values of the underlying assets held under the investments. For unlisted investment funds classified under Level 3 of the fair value measurement hierarchy, when the net asset value increases/decreases by 3% (2022 — 3%), the fair value will be increased/decreased by HK$12,848,000 (2022 — HK$14,705,000).

The fair values of unlisted equity securities are estimated based on either the market approach or the income approach. The market approach is based on the price multiple determined with reference to comparable public companies and includes appropriate risk adjustments for lack of marketability. The income approach uses the discounted cash flow model which requires management to make assumptions about model inputs, including forecast cash flows, the discount rate and volatility based on observable or unobservable market data.

Below is a summary of significant unobservable inputs to the valuation of the unlisted equity securities used in Level 3 fair value measurements as at 31 December 2023:

	Valuation technique	Significant unobservable inputs	Range/Rate	Sensitivity of fair value to the input
Unlisted equity securities	Market approach	Enterprise value to sales multiple ("Multiple")	3.42 (2022 — 3.37)	When Multiple increases/decreases by 0.1 (2022 — 0.1), the fair value will be increased/decreased by HK$381,000 and HK$381,000 (2022 — HK$432,000 and HK$432,000), respectively.
	Income approach	Discount rate	17.8% to 29.4% (2022 — 18.4% to 36.1%)	When discount rate increases/decreases by 3% (2022 — 3%), the fair value will be decreased/increased by HK$1,728,000 and HK$2,407,000 (2022 — HK$3,271,000 and HK$4,410,000), respectively.
		Discount for lack of marketability ("DLOM")	15.7% (2022 — 15.7% to 20.5%)	When DLOM increases/decreases, the fair value will be decreased/increased. Fair value changes resulting from reasonably possible changes in DLOM were not significant (2022 — not significant).

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31 December 2023				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income:				
Equity securities	**11,067**	**–**	**38,233**	**49,300**
Financial assets at fair value through profit or loss:				
Equity securities	**279,165**	**–**	**–**	**279,165**
Debt securities	**18,587**	**19,257**	**–**	**37,844**
Investment funds	**4,002**	**–**	**428,259**	**432,261**
	312,821	**19,257**	**466,492**	**798,570**
Liability measured at fair value				
Other financial liability:				
Futures	**569**	**–**	**–**	**569**
At 31 December 2022				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income:				
Equity securities	647	–	71,992	72,639
Financial assets at fair value through profit or loss:				
Equity securities	235,193	–	–	235,193
Debt securities	18,134	19,507	3,260	40,901
Investment funds	18,376	–	490,155	508,531
Other financial assets:				
Futures	63	–	–	63
Warrants	–	588	–	588
	272,413	20,095	565,407	857,915

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

The movements in fair value measurements in Level 3 during the year are as follows:

	Equity securities at fair value through other comprehensive income HK$'000	Debt securities at fair value through profit or loss HK$'000	Investment funds at fair value through profit or loss HK$'000
At 1 January 2023	**71,992**	**3,260**	**490,155**
Total losses recognised in the statement of profit or loss	**–**	**(3,264)**	**(9,258)**
Total losses recognised in other comprehensive income	**(33,851)**	**–**	**–**
Additions	**8**	**–**	**19,808**
Disposals	**–**	**–**	**(51,859)**
Distributions	**–**	**–**	**(20,763)**
Exchange adjustments	**84**	**4**	**176**
At 31 December 2023	**38,233**	**–**	**428,259**
At 1 January 2022	78,547	3,438	619,953
Total losses recognised in the statement of profit or loss	–	(199)	(8,124)
Total losses recognised in other comprehensive income	(26,548)	–	–
Additions	19,955	–	35,738
Disposals	–	–	(125,103)
Distributions	–	–	(33,567)
Exchange adjustments	38	21	1,258
At 31 December 2022	71,992	3,260	490,155

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022 — Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has established policies and procedures for risk management which are reviewed regularly by the Executive Directors and senior management of the Group to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The risk management function is carried out by individual business units and regularly overseen by the Group's senior management with all the risk limits approved by the Executive Directors of the Group, which are summarised below. The Group's accounting policies in relation to derivatives are set out in Note 2.4 to the financial statements.

(a) Credit risk

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from treasury, investment, food businesses and other activities undertaken by the Group.

The Group trades only with recognised and creditworthy parties. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control for trade debtors. New customers are subject to credit evaluation while the Group continues to monitor existing customers, especially those with repayment issues. Credit approval for loans and advances takes into account the type and tenor of loans, creditworthiness and repayment ability of prospective borrowers, collateral available and the resultant risk concentration in the context of the Group's total assets. Appropriate allowances are made for probable losses when necessary for identified debtors.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
As at 31 December 2023					
Amounts due from joint ventures*	**79,113**	–	**133,698**	–	**212,811**
Financial assets included in debtors, prepayments and other assets					
Trade debtors**	–	–	–	**65,449**	**65,449**
Others*	**85,182**	–	–	–	**85,182**
Cash and cash equivalents***	**301,604**	–	–	–	**301,604**
	465,899	–	**133,698**	**65,449**	**665,046**

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk *(continued)*

Maximum exposure and year-end staging (continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
As at 31 December 2022					
Amounts due from joint ventures*	77,800	–	133,495	–	211,295
Financial assets included in debtors, prepayments and other assets					
Trade debtors**	–	–	–	62,081	62,081
Others*	31,656	–	212,727	–	244,383
Cash and cash equivalents***	652,761	–	–	–	652,761
	762,217	–	346,222	62,081	1,170,520

* Further details in respect of the Group's loss allowance for impairment of amounts due from joint ventures and other financial assets included in debtors, prepayments and other assets are disclosed in Notes 20 and 23 to the financial statements, respectively.

** For trade debtors to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 23 to the financial statements.

*** The bank balances are deposited with creditworthy financial institutions with no recent history of default. The Group considers these balances to have low credit risk and the amount of the loss allowance for impairment was negligible.

Concentration of credit risk

The Group's exposure to credit risk arising from trade debtors and loans and advances at the end of the reporting period based on the information provided to key management is as follows:

	2023 HK$'000	2022 HK$'000
By geographical area:		
Hong Kong	**1,006**	1,358
Mainland China	**–**	115
Republic of Singapore	**66,538**	58,220
Indonesia	**43,457**	–
Others	**2,444**	338
	113,445	60,031

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations meet the statutory requirement for the minimum liquidity ratio whenever applicable.

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources. As at 31 December 2023, approximately 22% (2022 — 64%) of the Group's debts would mature in less than one year based on the carrying values of bank and other borrowings.

The maturity profile of liabilities of the Group as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	3 months or less HK$'000	1 year or less but over 3 months HK$'000	5 years or less but over 1 year HK$'000	Over 5 years HK$'000	Total HK$'000
At 31 December 2023					
Bank and other borrowings	**66,052**	**118,921**	**534,257**	**–**	**719,230**
Lease liabilities	**17,360**	**34,137**	**124,456**	**10,721**	**186,674**
Financial liabilities included in creditors, accruals and other liabilities	**85,848**	**80,062**	**–**	**–**	**165,910**
Bankers' guarantee	**1,460**	**1,337**	**1,897**	**–**	**4,694**
	170,720	**234,457**	**660,610**	**10,721**	**1,076,508**
At 31 December 2022					
Bank and other borrowings	37,406	549,274	339,706	–	926,386
Lease liabilities	15,941	45,411	99,928	13,995	175,275
Financial liabilities included in creditors, accruals and other liabilities	85,826	82,305	–	–	168,131
Bankers' guarantee	–	1,339	2,483	–	3,822
	139,173	678,329	442,117	13,995	1,273,614

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets and liabilities. The Group's interest rate positions mainly arise from treasury and other investment activities undertaken.

The Group monitors its interest-sensitive products and investments and net repricing gap and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. When appropriate, interest rate swaps would be used to manage this risk in a cost-effective manner. The interest rate risk is managed and monitored regularly by the senior management of the Group.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate monetary assets and liabilities).

	2023		2022	
	Increase/ (Decrease) in basis points	**Increase/ (Decrease) in profit before tax HK$'000**	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK$'000
Hong Kong dollar	**+50**	**(2,831)**	+50	(3,008)
United States dollar	**+50**	**219**	+50	981
Singapore dollar	**+50**	**95**	+50	(3)
Renminbi	**+50**	**276**	+50	130
Hong Kong dollar	**–50**	**2,831**	–50	3,008
United States dollar	**–50**	**(219)**	–50	(981)
Singapore dollar	**–50**	**(94)**	–50	5
Renminbi	**–50**	**(276)**	–50	(130)

(d) Foreign currency risk

Foreign currency risk is the risk to earnings or capital arising from movements in foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its foreign exchange dealings and other investment activities conducted in currencies other than the functional currencies of the operating units.

The Group monitors the relative foreign exchange positions 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 foreign currency risk is managed and monitored on an on-going basis by the senior management of the Group.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) Foreign currency risk *(continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar and Singapore dollar exchange rates, with all other variables held constant, of the Group's profit/(loss) before tax (arising from United States dollar and Singapore dollar denominated financial instruments).

	Increase/(Decrease) in profit before tax 2023 HK$'000	2022 HK$'000
United States dollar against Hong Kong dollar		
— strengthened by 3% (2022 — 3%)	**3,093**	3,940
— weakened by 3% (2022 — 3%)	**(3,093)**	(3,940)
Singapore dollar against Hong Kong dollar		
— strengthened by 3% (2022 — 3%)	**375**	(1,299)
— weakened by 3% (2022 — 3%)	**(375)**	1,299

At the end of the reporting period, total cash and cash equivalents of the Group's subsidiaries in mainland China denominated in Renminbi amounted to HK$129,072,000 (2022 — HK$145,039,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in mainland China.

(e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets included in financial assets at fair value through other comprehensive income (Note 21) and financial assets at fair value through profit or loss (Note 22) as at 31 December 2023. The Group's listed financial assets are mainly listed on the stock exchanges in Hong Kong, the Republic of Singapore and New York and are valued at quoted market prices at the end of the reporting period.

The market equity indices (rounded down) for the following stock exchanges, at the close of business of the nearest trading day to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2023	High/Low 2023	31 December 2022	High/Low 2022
Hong Kong — Hang Seng Index	**17,047**	**22,700/15,972**	19,781	25,050/14,597
Republic of Singapore — Straits Times Index	**3,240**	**3,408/3,041**	3,251	3,466/2,968
New York — NYSE Composite Index	**16,852**	**16,933/14,471**	15,184	17,442/13,278

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(e) Equity price risk *(continued)*

The senior management of the Group regularly reviews and monitors the mix of securities in the Group's investment portfolio based on the fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

The following table demonstrates the sensitivity to every 3% change in the fair values of the equity investments and investment funds, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the investments at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve of financial assets at FVOCI.

	2023				2022			
	3% increase		3% decrease		3% increase		3% decrease	
	Increase in profit before tax HK$'000	Increase in equity* HK$'000	Decrease in profit before tax HK$'000	Decrease in equity* HK$'000	Increase in profit before tax HK$'000	Increase in equity* HK$'000	Decrease in profit before tax HK$'000	Decrease in equity* HK$'000
Financial assets at fair value through other comprehensive income								
Hong Kong	–	532	–	(532)	–	569	–	(569)
Republic of Singapore	–	742	–	(742)	–	1,179	–	(1,179)
Global and others	–	205	–	(205)	–	431	–	(431)
	–	1,479	–	(1,479)	–	2,179	–	(2,179)
Financial assets at fair value through profit or loss								
Hong Kong	29	–	(29)	–	1,463	–	(1,463)	–
Republic of Singapore	2,703	–	(2,703)	–	2,730	–	(2,730)	–
United States of America	5,002	–	(5,002)	–	2,797	–	(2,797)	–
Global and others	13,609	–	(13,609)	–	15,322	–	(15,322)	–
	21,343	–	(21,343)	–	22,312	–	(22,312)	–

* Excluding retained profits

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is calculated by dividing its total borrowings, net of non-controlling interests, by equity attributable to equity holders of the Company. Total borrowings include current and non-current bank and other borrowings.

	2023 **HK$'000**	2022 HK$'000
Bank and other borrowings *(Note 26)*	**644,832**	863,437
Less: Non-controlling interests in bank and other borrowings	**(25,395)**	(98,910)
Bank and other borrowings, net of non-controlling interests	**619,437**	764,527
Equity attributable to equity holders of the Company	**2,495,761**	2,673,217
Gearing ratio	**24.8%**	28.6%

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 HK$'000	2022 HK$'000
Non-current assets		
Fixed assets	**492**	546
Interests in subsidiaries	**2,246,168**	2,368,081
Interest in a joint venture	**37,653**	36,028
Financial assets at fair value through profit or loss	**17,700**	17,950
	2,302,013	2,422,605
Current assets		
Debtors, prepayments and other assets	**10,417**	762
Cash and cash equivalents	**86,474**	128,688
	96,891	129,450
Current liabilities		
Bank and other borrowings	**99,354**	419,380
Creditors, accruals and other liabilities	**33,499**	30,149
Tax payable	**297**	297
	133,150	449,826
Net current liabilities	**(36,259)**	(320,376)
Total assets less current liabilities	**2,265,754**	2,102,229
Non-current liabilities		
Bank and other borrowings	**502,998**	278,600
Net assets	**1,762,756**	1,823,629
Equity		
Share capital	**1,704,032**	1,704,032
Reserves *(Note)*	**58,724**	119,597
Total equity	**1,762,756**	1,823,629

John Luen Wai Lee
Director

Stephen Riady
Director

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
2023			
At 1 January 2023	**705**	**118,892**	**119,597**
Loss and total comprehensive loss for the year	**–**	**(60,873)**	**(60,873)**
At 31 December 2023	**705**	**58,019**	**58,724**
2022			
At 1 January 2022	705	206,868	207,573
Loss and total comprehensive loss for the year	–	(14,481)	(14,481)
2021 final dividend declared and paid to shareholders of the Company	–	(41,341)	(41,341)
2022 interim dividend declared and paid to shareholders of the Company	–	(32,154)	(32,154)
At 31 December 2022	705	118,892	119,597

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2024.

Particulars of Principal Subsidiaries

PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31 DECEMBER 2023 ARE SET OUT BELOW.

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Cynosure Holdings Limited 眾聯投資控股有限公司 (formerly known as Lippo Finance Holdings Limited)	British Virgin Islands	US$50,000	100	100	Investment holding
Golden Sunshine Worldwide Limited	British Virgin Islands/ Hong Kong	US$1	100	100	Investment holding
Grand Vista Limited	British Virgin Islands/ Hong Kong	US$1	100	100	Investment holding
Kingz Holdings Limited	British Virgin Islands/ Hong Kong	US$1	100	100	Investment holding
Rickon Holdings Limited	British Virgin Islands/ Hong Kong	US$1	100	100	Investment holding
Admiralty Development Limited	Hong Kong	HK$446,767,129	–	100	Property investment
Asia Now Resources Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Cajan Enterprises Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Castar Assets Limited	British Virgin Islands	US$1	–	100	Property investment
Chalton Assets Limited	British Virgin Islands	US$1	–	100	Property investment
China Chance Investments Limited	Hong Kong	HK$10	–	100	Investment holding
China Gold Pte. Ltd.	Republic of Singapore	S$1	–	100	Investment holding
China Pacific Electric Limited	British Virgin Islands/ Hong Kong	US$100	–	100	Investment holding
Continental Equity Inc.	British Virgin Islands	US$1	–	100	Investment
Cynosure Asset Management Hong Kong Limited (formerly known as Lippo Investments Management Limited)	Hong Kong	HK$89,700,000	–	100	Investment management services

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
DXS Capital (U.S.) Limited	United States of America	US$1.221	–	100	Investment holding
Direct Union Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment
Dragon Board Holdings Limited	British Virgin Islands/ Hong Kong	S$1	–	100	Investment holding
Dukestown Sp. z o.o.	Poland	PLN600,000	–	100	Property investment
Energetic Holdings Limited (now known as Energetic Realty Limited 安利捷物業有限公司)	British Virgin Islands	US$1	–	100	Property investment
Ethnos Ltd.	Israel	NIS100	–	100	Property investment
Fortune Finance Investment Limited	British Virgin Islands	US$1	–	100	Investment
福建莆田忠信物業管理有限公司 (Fujian Putian Zhong Xin Property Management Limited) — wholly foreign-owned re-invested enterprise##	People's Republic of China	RMB810,000*	–	100	Property management
福州力寶商業顧問有限公司 (Fuzhou Lippo Commercial Consultants Limited) — wholly foreign-owned enterprise##	People's Republic of China	HK$100,000*	–	100	Real estate leasing and agency services, and consultancy services
Gentle Care Pte. Ltd.	Republic of Singapore	S$1	–	100	Investment holding
Golden Super Holdings Limited	British Virgin Islands	US$1	–	100	Investment
Grandbeam Limited	Hong Kong	HK$1	–	100	Investment holding
Hongkong China Treasury Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Securities investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Innovation Lab Technology Pte. Ltd.	Republic of Singapore	S$1	–	100	Software product development
Istan Assets Limited	British Virgin Islands	US$1	–	100	Property investment
JB Property Holdings Pte. Ltd.	Republic of Singapore	S$1	–	100	Property investment
Kaiser Union Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Keytime Holdings Limited	British Virgin Islands	US$1	–	100	Property investment
LCR Management Limited	Hong Kong	HK$1	–	100	Management services
Laurel Century Limited	British Virgin Islands	US$1	–	100	Investment holding
Liberty Town Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Lippo Consortium Pte. Limited	Republic of Singapore	S$2	–	100	Property development
Lippo Group International Pte. Limited	Republic of Singapore	S$2	–	100	Investment holding
Lippo Property Management Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Mantor Assets Limited	British Virgin Islands	US$1	–	100	Property investment
Mastafield Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Oriental Coronet Limited	British Virgin Islands	US$1	–	100	Investment
PacNet Capital (U.S.) Limited	United States of America	US$1.603	–	100	Investment holding
Pantogon Holdings Pte Ltd	Republic of Singapore	S$1,000,000	–	100	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
莆田力寶商業顧問有限公司 (Putian Lippo Commercial Consultants Limited) — wholly foreign-owned enterprise##	People's Republic of China	RMB2,000,000*	–	100	Commercial consulting
莆田塔林基礎建設有限公司 (Putian Talin Infrastructure Co., Ltd.) — wholly foreign-owned enterprise##	People's Republic of China	US$300,000*	–	100	Property services
Radical Profits Limited	British Virgin Islands	US$1	–	100	Property investment
Reiley Inc.	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Rock Phoenix Limited	British Virgin Islands	US$1	–	100	Property investment
Season Spark Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment
Serene Yield Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Star Heaven Limited	British Virgin Islands	US$1	–	100	Investment holding
Star Trendy Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property holding
Starford Corporation Limited	Hong Kong	HK$1	–	100	Investment
Tamsett Holdings Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Trefar Enterprises Limited	British Virgin Islands	US$1	–	100	Property investment
Waterloo Street Limited	British Virgin Islands	US$1	–	100	Financing
West Tower Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Win Joyce Limited	Hong Kong	HK$2	–	100	Investment
Winplace Global Limited	British Virgin Islands	US$1	–	100	Investment holding
Wollora Assets Limited	British Virgin Islands	US$1	–	100	Property investment
Writring Investments Limited	Hong Kong	HK$2	–	100	Property investment
Jeremiah Holdings Limited	British Virgin Islands/ Hong Kong	S$1,298,645	–	60	Investment holding
Nine Heritage Pte Ltd	Republic of Singapore	S$1,000,000	–	48	Investment holding
Auric Pacific Group Limited	Republic of Singapore	S$60,251,954	–	40.23	Investment holding
Auric Pacific Food Industries Pte Ltd	Republic of Singapore	S$34,400,000	–	40.23	Wholesale of confectionery and bakery products
Sunshine Bread Sdn. Bhd.	Malaysia	RM25,000,002	–	40.23	Manufacture of bread, cakes and other bakery products, provision of food management and training services, consultation, supply and related matters
Superfood Retail Limited	British Virgin Islands/ Hong Kong	US$2,048,260	–	40.23	Investment holding
Cuisine Continental Group (HK) Limited	Hong Kong	HK$12,000,000	–	40.23	Selling of food and beverages, operation of cafés and kiosk and provision of catering services

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Cuisine Continental (HK) Limited	Hong Kong	HK$3,000,000	–	40.23	Selling of food and beverages, operation of restaurants and the wholesale business
Cuisine Creations Pte. Ltd.	Republic of Singapore	S$2	–	40.23	Management and holding company and development and sale of its subsidiary's franchising activities
Delifrance Singapore Pte. Ltd.	Republic of Singapore	S$4,000,002	–	40.23	Manufacture and sale of bakery and pastry products and operation of café-bakeries and bakery corners
Maxx Coffee Singapore Pte. Ltd.	Republic of Singapore	S$300,000	–	40.23	Selling of food and beverages and operation of cafés and kiosk
LCR Catering Services Limited	Hong Kong	HK$9,000,000	–	36.21	Owns and operates a restaurant in Hong Kong

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

\## *type of legal entity*

* *paid up registered capital*

Note:

NIS	–	*New Israeli shekels*
PLN	–	*Poland zlotys*
RM	–	*Malaysian ringgits*
RMB	–	*People's Republic of China renminbi*
S$	–	*Singapore dollars*
US$	–	*United States dollars*

As at 31 December 2023, all the subsidiaries of the Company had no loan capital or convertible loan capital.

The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Associates

PARTICULARS OF PRINCIPAL ASSOCIATES AS AT 31 DECEMBER 2023 ARE SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Group#	Principal activities
Lippo-Savills Property Management Limited	Corporate	Hong Kong	HK$2	50	Property management services
Healthway Medical Corporation Limited	Corporate	Republic of Singapore	S$277,630,000	40.76	Healthcare services
莆田華正自來水有限公司 (Putian Hua Zheng Water Co., Ltd.)	Equity joint venture enterprise	People's Republic of China	RMB9,250,000*	40	Water supply
TIH Limited	Corporate	Republic of Singapore	S$56,650,000	39.92	Private equity investment
Moolahgo Pte. Ltd.	Corporate	Republic of Singapore	*Note (b)*	*Note (b)*	Digital financial services

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

* *paid up registered capital*

Note:

(a) *RMB – People's Republic of China renminbi*
S$ – Singapore dollars
US$ – United States dollars

(b) *Its issued share capital comprised of (i) S$179,840 ordinary share capital; (ii) S$216,922 non-voting preference share capital; and (iii) US$3,349,510.70 non-voting preference share capital. The Group was interested in approximately 86.81% of its non-voting preference share capital.*

The above table includes the associates of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all associates would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Joint Ventures

PARTICULARS OF PRINCIPAL JOINT VENTURES AS AT 31 DECEMBER 2023 ARE SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Group (unless otherwise stated)#	Principal activities
Tanglin Residential Pte. Ltd.	Corporate	Republic of Singapore	S$2	50	Property investment and property development
Vasily Asia Limited	Corporate	British Virgin Islands	US$100	50	Investment
Collyer Quay Limited	Corporate	Cayman Islands	*Note (b)*	*Note (b)*	Investment holding

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

Note:

(a) S$ – Singapore dollars
US$ – United States dollars

(b) Its issued share capital comprised of 100 management shares of US$1.00 each and 100 participating shares of US$0.01 each, of which the Group was interested in 50 management shares and 60 participating shares which entitled the Group to 50% of the voting rights and 60% of the dividend and distribution of this company.

Particulars of Joint Operation

PARTICULARS OF JOINT OPERATION AS AT 31 DECEMBER 2023 ARE SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operation	Registered capital	Approximate percentage of interest attributable to the Group#	Principal activity
雲南東鑫礦產勘查有限公司 (Yunnan Dong Xin Mineral Exploration Company Limited)	Chinese-foreign cooperative joint-venture enterprise	People's Republic of China	US$14,900,000	72	Exploration of mineral resources

represents the effective interest of the Group after non-controlling interests therein

Note:

US$ – United States dollars

Schedule of Major Properties

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2023

Description	Use	Approximate gross floor area	Status	Percentage of the Group's interest
		(square metres)		
Hong Kong				
Lippo Centre 89 Queensway Central Inland Lot No. 8615	Commercial	1,384 (net floor area)	Rental	100
The above property is held under long term lease.				
People's Republic of China				
19th Floor to 29th Floor and 13 car parking spaces of Lippo Tianma Plaza 1 Wuyibei Road Fuzhou, Fujian	Commercial	11,955	Rental	100
The above properties are held under medium term leases.				
Overseas				
353 Pasir Panjang Road #05-02, #05-03 and #05-05 Jubilee Residence Singapore 118695	Residential	711	Rental	100
10 Harav Agan Street Jerusalem Block 30050 Parcel 101 Israel	Commercial	940	Rental	100
The above properties are freehold.				

(2) PROPERTIES HELD AS FIXED ASSETS AS AT 31 DECEMBER 2023

Description	Use	Approximate gross floor area	Approximate percentage of the Group's interest
		(square metres)	
Hong Kong			
Lippo Centre 89 Queensway Central Inland Lot No. 8615	Commercial	2,491 (net floor area)	100
2nd Floor of Sun Court 3 Belcher's Street Kennedy Town Subsection 1 of Section C of Marine Lot No. 262, the remaining portion of Section C of Marine Lot No. 262 and the remaining portion of Marine Lot No. 262	Commercial	743	100
3 units and 3 car parking spaces of Celestial Garden 5 Repulse Bay Road Rural Building Lot No. 979	Residential	660	100
The above properties are held under long term leases.			
Overseas			
No. 2 and 3, Jalan Teknologi 6 Kawasan Perindustrian Taman Teknologi 2 71760 Bandar Enstek Negeri Sembilan Darul Khusus Malaysia	Industrial	31,910	40.23
The above property is freehold.			

Summary of Financial Information

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000	Nine months ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000
Profit/(Loss) attributable to equity holders of the Company	**(146,420)**	(277,890)	48,665	(11,630)	(361,035)
Total assets	**3,976,330**	4,392,037	5,004,747	5,249,193	4,952,979
Total liabilities	**(1,151,807)**	(1,369,002)	(1,542,782)	(1,767,050)	(1,428,669)
Net assets	**2,824,523**	3,023,035	3,461,965	3,482,143	3,524,310
Non-controlling interests	**(328,762)**	(349,818)	(383,625)	(358,585)	(359,809)
Equity attributable to equity holders of the Company	**2,495,761**	2,673,217	3,078,340	3,123,558	3,164,501

Lippo China Resources Limited
力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 156)