



Lippo Limited
力寶有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 226)

2022

INTERIM REPORT

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The Board of Directors of Lippo Limited (the “Company”) presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Note	Unaudited	
		Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
Revenue	4	314,946	361,308
Cost of sales	7	(138,689)	(159,371)
Gross profit		176,257	201,937
Other income	5	10,298	8,623
Administrative expenses		(203,285)	(196,550)
Other operating expenses	7	(82,131)	(85,138)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	7	(24,800)	218,546
Fair value gain/(loss) on investment properties		(4,400)	2,600
Other gains/(losses) — net	6	14,164	(17,082)
Finance costs		(27,464)	(31,976)
Share of results of associates		29,437	43,279
Share of results of joint ventures	8	268,254	169,735
Profit before tax	7	156,330	313,974
Income tax	9	(3,782)	(5,527)
Profit for the period		152,548	308,447
Attributable to:			
Equity holders of the Company		105,461	237,491
Non-controlling interests		47,087	70,956
		152,548	308,447
		HK\$	HK\$
Earnings per share attributable to equity holders of the Company	10		
Basic and diluted		0.21	0.48

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Profit for the period	152,548	308,447
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(54,913)	(10,971)
Exchange differences reclassified to profit or loss upon:		
Liquidation of foreign operations	(21,791)	–
Deemed disposal of a foreign associate	(12)	–
Share of other comprehensive loss of associates	(17,700)	(11,451)
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	(449,488)	(92,314)
Other reserve	51,931	32,816
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	(491,973)	(81,920)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instruments at fair value through other comprehensive income	15	(61,206)
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	(281,634)	(9,125)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	(281,619)	(70,331)
Other comprehensive loss for the period, net of tax	(773,592)	(152,251)
Total comprehensive income/(loss) for the period	(621,044)	156,196
Attributable to:		
Equity holders of the Company	(456,325)	128,503
Non-controlling interests	(164,719)	27,693
	(621,044)	156,196

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

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

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2022

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Non-current liabilities			
Bank and other borrowings	15	757,262	1,382,828
Lease liabilities		90,785	111,360
Creditors, accruals and other liabilities	16	9,774	10,698
Deferred tax liabilities		39,559	42,042
		897,380	1,546,928
Net assets			
		13,482,310	14,137,437
Equity			
Equity attributable to equity holders of the Company			
Share capital	17	986,598	986,598
Reserves	18	8,484,843	8,961,180
		9,471,441	9,947,778
Non-controlling interests		4,010,869	4,189,659
		13,482,310	14,137,437

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital	Special capital reserve	Fair value reserve of financial assets at FVOCI*	Other assets revaluation reserve	Hedging reserve	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	(Note 18(a)) HK\$'000	HK\$'000	HK\$'000	(Note 18(b)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022	986,598	1,709,202	(336,084)	2,092	(10,875)	461,742	7,135,103	9,947,778	4,189,659	14,137,437
Profit for the period	-	-	-	-	-	-	105,461	105,461	47,087	152,548
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(30,259)	-	(30,259)	(24,654)	(54,913)
Exchange differences reclassified to profit or loss upon:										
Liquidation of foreign operations	-	-	-	-	-	(16,115)	-	(16,115)	(5,676)	(21,791)
Deemed disposal of a foreign associate	-	-	-	-	-	(9)	-	(9)	(3)	(12)
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	133	-	-	-	-	133	(118)	15
Share of other comprehensive loss of associates	-	-	-	-	-	(13,273)	-	(13,273)	(4,427)	(17,700)
Share of other comprehensive income/(loss) of joint ventures	-	-	(208,269)	-	38,402	(332,396)	-	(502,263)	(176,928)	(679,191)
Total comprehensive income/(loss) for the period	-	-	(208,136)	-	38,402	(392,052)	105,461	(456,325)	(164,719)	(621,044)
Share of equity movements arising on equity transactions of an associate	-	-	-	-	-	-	17	17	6	23
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	(303)	(303)	(107)	(410)
Share of transfer of reserve of joint ventures	-	-	(11,234)	-	-	-	11,234	-	-	-
2021 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(19,726)	(19,726)	-	(19,726)
Dividends declared and paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(16,842)	(16,842)
Advance from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	2,872	2,872
At 30 June 2022	986,598	1,709,202	(555,454)	2,092	27,527	69,690	7,231,786	9,471,441	4,010,869	13,482,310
At 1 January 2021	986,598	1,709,202	(146,832)	2,092	(51,863)	480,042	6,621,990	9,601,229	4,038,488	13,639,717
Profit for the period	-	-	-	-	-	-	237,491	237,491	70,956	308,447
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(3,778)	-	(3,778)	(7,193)	(10,971)
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	(45,877)	-	-	-	-	(45,877)	(15,329)	(61,206)
Share of other comprehensive loss of associates	-	-	-	-	-	(8,587)	-	(8,587)	(2,864)	(11,451)
Share of other comprehensive income/(loss) of joint ventures	-	-	(6,748)	-	24,267	(68,265)	-	(50,746)	(17,877)	(68,623)
Total comprehensive income/(loss) for the period	-	-	(52,625)	-	24,267	(80,630)	237,491	128,503	27,693	156,196
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	(32,739)	(32,739)	(11,533)	(44,272)
Transfer of fair value reserve upon disposal of a subsidiary	-	-	14	-	-	-	(14)	-	-	-
2020 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(14,795)	(14,795)	-	(14,795)
Dividends declared and paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(11,943)	(11,943)
Unclaimed dividends to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	156	156
At 30 June 2021	986,598	1,709,202	(199,443)	2,092	(27,596)	399,412	6,811,933	9,682,198	4,042,861	13,725,059

* FVOCI stands for fair value through other comprehensive income.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Net cash flows used in operating activities	(131,594)	(5,678)
Cash flows from investing activities		
Payments to acquire fixed assets	(18,199)	(21,158)
Payments to acquire financial assets at fair value through other comprehensive income	(8,669)	(2,993)
Payments to acquire financial assets at fair value through profit or loss	(14,314)	(3,923)
Distribution from financial assets at fair value through profit or loss	22,676	10,882
Advances to joint ventures	(27)	(40,939)
Other net cash flows arising from investing activities	2,625	1,249
Net cash flows used in investing activities	(15,908)	(56,882)
Cash flows from financing activities		
Drawdown of bank and other borrowings	461,428	370,000
Repayment of bank and other borrowings	(436,203)	(587,142)
Finance costs paid	(24,239)	(46,314)
Principal portion of lease payments	(25,365)	(25,992)
Dividends paid to shareholders of the Company	(19,726)	(34,521)
Dividends paid to non-controlling shareholders of subsidiaries	(16,842)	(21,744)
Decrease in restricted cash	–	54,962
Other net cash flows arising from financing activities	2,872	–
Net cash flows used in financing activities	(58,075)	(290,751)
Net decrease in cash and cash equivalents	(205,577)	(353,311)
Cash and cash equivalents at beginning of period	957,004	1,200,430
Exchange realignments	(9,684)	(752)
Cash and cash equivalents at end of period	741,743	846,367

Notes to the Interim Financial Statements

1. BASIS OF PREPARATION

The interim financial statements are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

The financial information relating to the year ended 31 December 2021 that is included in the interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “revised HKFRSs”) for the first time for the current period’s financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current financial period.

3. SEGMENT INFORMATION

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

- (a) the property investment segment includes investments relating to the letting and resale of properties;
- (b) the property development segment includes the development and sale of properties;
- (c) the treasury investment segment includes investments in money markets;
- (d) the securities investment segment includes investments in securities that are held for trading and for long-term strategic purposes;
- (e) the food businesses segment mainly includes food manufacturing and food retail operations in chains of cafés and bistros;
- (f) the healthcare services segment includes the provision of healthcare management services; and
- (g) the “other” segment comprises principally mineral exploration and extraction, the provision of property, project, fund and investment management services and investment in a closed-end fund.

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

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

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

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

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

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2022

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Other HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue									
External	42,046	-	1,523	7,712	254,226	-	9,439	-	314,946
Inter-segment	1,928	-	-	-	-	-	2,118	(4,046)	-
Total	43,974	-	1,523	7,712	254,226	-	11,557	(4,046)	314,946
Segment results	20,532	16,819	1,523	(20,969)	(66,862)	(920)	1,528	(140)	(48,489)
Unallocated corporate expenses									(73,960)
Finance costs									(18,912)
Share of results of associates	-	6,393	-	-	-	17,770	5,274	-	29,437
Share of results of joint ventures	268,653	(11)	-	-	(388)	-	-	-	268,254
Profit before tax									156,330
Other segment information:									
Capital expenditure (Note)	-	-	-	-	18,153	-	224	-	18,377
Depreciation	(9,455)	-	-	-	(50,543)	-	(200)	1,705	(58,493)
Interest income	30,479	-	1,523	812	856	-	122	-	33,792
Finance costs	(3,782)	-	-	-	(4,850)	-	(3)	83	(8,552)
Loss on disposal of fixed assets	-	-	-	-	(34)	-	-	-	(34)
Loss on deemed disposal of an associate	-	-	-	-	-	(45)	-	-	(45)
Provision for impairment losses on inventories	-	-	-	-	(929)	-	-	-	(929)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	-	22,055	-	-	-	-	-	-	22,055
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	(25,058)	258	-	-	-	(24,800)
Fair value loss on investment properties	(4,400)	-	-	-	-	-	-	-	(4,400)
Unallocated:									
Capital expenditure (Note)									36
Depreciation									(7,861)
Finance costs									(18,912)
Loss on disposal of fixed assets									(3)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations									(264)

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2021

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Other HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue									
External	42,652	3,622	1,420	10,624	293,704	-	9,286	-	361,308
Inter-segment	1,928	-	-	-	-	-	2,436	(4,364)	-
Total	44,580	3,622	1,420	10,624	293,704	-	11,722	(4,364)	361,308
Segment results	22,928	(3,858)	1,420	211,287	(37,273)	(987)	(5,877)	(86)	187,554
Unallocated corporate expenses									(69,498)
Finance costs									(17,096)
Share of results of associates	-	5,035	-	-	-	12,895	25,349	-	43,279
Share of results of joint ventures	170,153	(33)	-	-	(385)	-	-	-	169,735
Profit before tax									313,974
Other segment information:									
Capital expenditure (Note)	39	-	-	-	20,697	-	804	-	21,540
Depreciation	(9,498)	-	-	-	(41,905)	-	(277)	1,705	(49,975)
Interest income	30,918	-	1,420	-	974	-	247	-	33,559
Finance costs	(8,287)	-	-	-	(5,802)	-	(929)	138	(14,880)
Gain/(Loss) on disposal of:									
Subsidiaries	-	-	-	(3,886)	(140)	-	562	-	(3,464)
Fixed assets	-	(29)	-	-	198	-	(16)	-	153
Provisions for impairment losses on:									
A joint venture	-	-	-	-	-	(63)	-	-	(63)
Inventories	-	-	-	-	(1,369)	-	-	-	(1,369)
Loans and receivables	-	-	-	-	(349)	-	-	-	(349)
Net fair value gain on financial instruments at fair value through profit or loss	-	-	-	210,876	7,670	-	-	-	218,546
Fair value gain on investment properties	2,600	-	-	-	-	-	-	-	2,600
Unallocated:									
Capital expenditure (Note)									259
Depreciation									(8,025)
Finance costs									(17,096)
Loss on disposal of fixed assets									(1)

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

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
At 30 June 2022 (unaudited)									
Segment assets	1,436,289	81,627	423,379	1,482,304	736,329	-	18,985	(6,404)	4,172,509
Interests in associates	6,051	357,161	-	-	-	449,753	336,069	-	1,149,034
Interests in joint ventures	10,396,247	316	-	42,037	34,199	-	-	-	10,472,799
Unallocated assets									53,832
Total assets									15,848,174
Segment liabilities	499,268	10,464	-	42,266	463,378	409,977	355,100	(965,372)	815,081
Unallocated liabilities									1,550,783
Total liabilities									2,365,864
At 31 December 2021 (audited)									
Segment assets	1,468,368	88,181	463,337	1,652,134	839,196	-	26,054	(14,297)	4,522,973
Interests in associates	6,520	359,368	-	-	-	442,843	344,023	-	1,152,754
Interests in joint ventures	10,776,686	335	-	41,744	33,595	-	-	-	10,852,360
Unallocated assets									68,521
Total assets									16,596,608
Segment liabilities	491,592	11,321	-	57,670	494,357	418,381	367,400	(1,038,673)	802,048
Unallocated liabilities									1,657,123
Total liabilities									2,459,171

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
Sale of properties	-	3,622
Sale of goods and fast-moving consumer products	125,123	152,841
Sale of food and beverage	127,806	139,172
Provision of management services	8,918	8,952
	261,847	304,587
Revenue from other sources:		
Property rental income from operating leases	11,567	11,734
Interest income	33,792	33,440
Dividend income	6,900	10,624
Other	840	923
	314,946	361,308

Notes to the Interim Financial Statements (Continued)

4. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers

Segments	Property development HK\$'000	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 June 2022				
Types of goods or services:				
Sale of goods and fast-moving consumer products	–	125,123	–	125,123
Sale of food and beverage	–	127,806	–	127,806
Provision of management services	–	–	8,918	8,918
Total revenue from contracts with customers	–	252,929	8,918	261,847
Geographical markets:				
Hong Kong	–	73,164	5,267	78,431
Mainland China	–	–	1,150	1,150
Republic of Singapore	–	179,329	2,501	181,830
Malaysia	–	436	–	436
Total revenue from contracts with customers	–	252,929	8,918	261,847
Timing of revenue recognition:				
Goods transferred at a point in time	–	252,929	–	252,929
Services transferred over time	–	–	8,918	8,918
Total revenue from contracts with customers	–	252,929	8,918	261,847
Six months ended 30 June 2021				
Types of goods or services:				
Sale of properties	3,622	–	–	3,622
Sale of goods and fast-moving consumer products	–	152,841	–	152,841
Sale of food and beverage	–	139,172	–	139,172
Provision of management services	–	–	8,952	8,952
Total revenue from contracts with customers	3,622	292,013	8,952	304,587
Geographical markets:				
Hong Kong	–	92,106	5,300	97,406
Mainland China	3,622	–	950	4,572
Republic of Singapore	–	199,907	2,702	202,609
Total revenue from contracts with customers	3,622	292,013	8,952	304,587
Timing of revenue recognition:				
Goods transferred at a point in time	3,622	292,013	–	295,635
Services transferred over time	–	–	8,952	8,952
Total revenue from contracts with customers	3,622	292,013	8,952	304,587

Notes to the Interim Financial Statements (Continued)

4. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers (Continued)

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

Segments	Property development HK\$'000	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 June 2022				
Revenue from contracts with customers				
External customers	–	252,929	8,918	261,847
Inter-segment	–	–	2,118	2,118
Total revenue from contracts with customers	–	252,929	11,036	263,965
Revenue from other sources — external	–	1,297	521	1,818
Total segment revenue	–	254,226	11,557	265,783
Six months ended 30 June 2021				
Revenue from contracts with customers				
External customers	3,622	292,013	8,952	304,587
Inter-segment	–	–	2,436	2,436
Total revenue from contracts with customers	3,622	292,013	11,388	307,023
Revenue from other sources — external	–	1,691	334	2,025
Total segment revenue	3,622	293,704	11,722	309,048

5. OTHER INCOME

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

Note: Government grants mainly represent subsidies received in connection with the COVID-19 pandemic in Hong Kong and Singapore. There are no unfulfilled conditions or other contingencies attaching to these grants.

Notes to the Interim Financial Statements (Continued)

6. OTHER GAINS/(LOSSES) — NET

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Gain/(Loss) on disposal of:		
Subsidiaries	–	(3,464)
Fixed assets	(37)	152
Loss on deemed disposal of an associate	(45)	–
Provisions for impairment losses on:		
A joint venture	–	(63)
Inventories	(929)	(1,369)
Loans and receivables	–	(349)
Foreign exchange losses — net	(6,616)	(11,989)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	21,791	–
	14,164	(17,082)

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Cost of sales:		
Cost of properties sold	–	(1,969)
Cost of inventories sold	(136,559)	(155,072)
Other	(2,130)	(2,330)
	(138,689)	(159,371)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss:		
Financial assets at fair value through profit or loss mandatorily classified as such, including those held for trading:		
Equity securities	(73,761)	122,319
Debt securities	(1,288)	560
Investment funds	51,395	87,638
Equity linked notes	–	437
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	(325)
Derivative financial instruments	(1,146)	7,917
	(24,800)	218,546

Notes to the Interim Financial Statements (Continued)

7. PROFIT BEFORE TAX (Continued)

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interest income:		
Loans and advances	31,451	31,991
Financial assets at fair value through profit or loss	812	–
Promissory note	–	119
Other	1,529	1,449
Depreciation of fixed assets	(38,187)	(31,471)
Depreciation of right-of-use assets	(28,167)	(26,529)
Selling and distribution expenses (Note)	(19,060)	(13,810)
Legal and professional fees (Note)	(10,226)	(15,277)
Consultancy and service fees (Note)	(10,681)	(13,440)
Utilities charges (Note)	(5,934)	(5,922)
Repairs and maintenance expenses (Note)	(3,282)	(4,223)

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

8. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures for the six months ended 30 June 2022 mainly included share of profit of Lippo ASM Asia Property Limited ("LAAPL", together with its subsidiaries, the "LAAPL Group") of HK\$271,049,000 (2021 — HK\$172,600,000). The increase in profit was mainly due to the improvement in the performance of the hospitality business and net fair value gain of financial assets of the joint venture and increase in profit contribution from its equity-accounted investees for the six months ended 30 June 2022.

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

Notes to the Interim Financial Statements (Continued)

9. INCOME TAX

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

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5% (2021 — 8.25% or 16.5%), as appropriate. For the companies operating in mainland China and the Republic of Singapore, corporate taxes have been calculated on the estimated assessable profits for the period at the rates of 25% and 17% (2021 — 25% and 17%), respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 493,154,000 ordinary shares (2021 — approximately 493,154,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2022 and 2021.

11. INTERIM DIVIDEND

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Interim dividend, declared — Nil (2021 — Nil)	–	–

12. INTERESTS IN ASSOCIATES

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

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

13. INTERESTS IN JOINT VENTURES

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

Reference was made to the Group’s minority ownership interest in Skye Mineral Partners, LLC (“Skye”) whose major asset, prior to the events described below, was substantially all of the equity interests in CS Mining, LLC (“CS Mining”), a company that owned a number of copper ore deposits in the U.S.A. Subsequently, CS Mining sold its assets through a court-supervised sale process under its bankruptcy proceedings and a former joint venture of the Company participated and won the bid to acquire the assets in August 2017. In January 2018, a verified complaint (the “Complaint”) was filed in a state court in the U.S.A. by the majority investors in Skye (the “Majority Investors”) individually and derivatively on behalf of Skye against, among others, certain entities and persons in or related to the Group (collectively, the “Parties”), alleging, among other things, that they suffered from diminution in the value of their equity interests in CS Mining based on an alleged scheme perpetrated by the Parties on CS Mining. The Parties filed a motion to dismiss the Complaint. As a result, the court issued a decision in 2020 to grant the motion in part and dismiss several causes of action. With respect to the remaining parts of the Complaint that were not dismissed, the court did not rule on the merits of those claims and the Parties filed their answer to the same. The Majority Investors will have to provide evidence to establish the claims that were not dismissed. The Group, individually and derivatively on behalf of Skye, also filed a counterclaim (the “Counterclaim”) against the Majority Investors and their related persons (the “Counterparties”), in which the Group has claimed that the Counterparties, at all relevant times, controlled both Skye and CS Mining, preferred their own interests over those of Skye and its creditors and other owners and that this misconduct of the Counterparties caused the Group to suffer loss. The Counterparties filed a motion to dismiss the Counterclaim. In July 2021, the court issued its decision to grant the motion in part, resulting in certain counts of the Counterclaim being dismissed. Importantly, with respect to the counts of the Counterclaim that were dismissed, the court specifically ruled that the Group may present evidence of the Counterparties’ alleged misconduct to defend against or set off any potential damages that may arise from the claims asserted against the Group. The Counterparties filed their answer to the remaining counts of the Counterclaim. The Group continues to believe the Complaint is wholly frivolous and without basis and will continue to defend the Complaint vigorously and also prosecute the Counterclaim against the Counterparties to recover for the harm that they caused both CS Mining and Skye.

Notes to the Interim Financial Statements (Continued)

14. DEBTORS, PREPAYMENTS AND OTHER ASSETS

Included in the balances are trade debtors with an ageing analysis, based on the invoice date and net of loss allowance, as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Outstanding balances with ages:		
Within 30 days	23,128	23,928
Between 31 and 60 days	15,245	14,762
Between 61 and 90 days	8,742	9,820
Between 91 and 180 days	1,355	1,497
	48,470	50,007

15. BANK AND OTHER BORROWINGS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Current portion:		
Secured bank loans (Note (a))	1,027,631	436,813
Secured other loans (Note (b))	56,428	–
	1,084,059	436,813
Non-current portion:		
Bank loans:		
Secured (Note (a))	352,929	1,010,272
Unsecured	334,333	272,556
Unsecured other loan (Note (c))	70,000	100,000
	757,262	1,382,828
	1,841,321	1,819,641
Bank and other borrowings by currency:		
Hong Kong dollar	1,620,987	1,629,582
Singapore dollar	193,672	161,959
Malaysian ringgit	26,662	28,100
	1,841,321	1,819,641

Notes to the Interim Financial Statements (Continued)

15. BANK AND OTHER BORROWINGS (Continued)

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Bank loans repayable:		
Within one year	1,027,631	436,813
In the second year	74,609	976,618
In the third to fifth years, inclusive	612,653	306,210
	1,714,893	1,719,641
Other borrowings repayable:		
Within one year	56,428	–
In the second year	70,000	100,000
	126,428	100,000

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

Note:

- (a) At the end of the reporting period, the bank loans were secured by:
- (i) shares in certain listed subsidiaries of the Group with market value of HK\$1,705,221,000 (31 December 2021 — HK\$1,686,799,000);
 - (ii) first legal mortgages over certain investment properties and land and buildings of the Group with carrying amounts of HK\$245,850,000 (31 December 2021 — HK\$249,850,000) and HK\$846,055,000 (31 December 2021 — HK\$860,685,000), respectively; and
 - (iii) fixed and floating charges over all the assets of certain subsidiaries of the Group.
- (b) The Group's secured other loans represent loans advanced from a third party which bear interest at a rate of 0.1% per annum (31 December 2021 — not applicable). The loans were secured by financial assets at fair value through profit or loss with carrying amounts of HK\$87,836,000.
- (c) The Group's unsecured other loan represents a loan advanced from Lippo Capital Limited, a holding company of the Company, which bears interest at a rate of 4% per annum (31 December 2021 — 4% per annum).

Notes to the Interim Financial Statements (Continued)

16. CREDITORS, ACCRUALS AND OTHER LIABILITIES

Included in the balances are trade creditors with an ageing analysis, based on the invoice date, as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Outstanding balances with ages:		
Within 30 days	20,818	29,985
Between 31 and 60 days	6,749	6,670
Between 61 and 90 days	756	699
Between 91 and 180 days	1,162	1,139
Over 180 days	113	109
	29,598	38,602

17. SHARE CAPITAL

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Issued and fully paid:		
493,154,032 (31 December 2021 — 493,154,032) ordinary shares	986,598	986,598

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company have no par value.

18. RESERVES

The amounts of the Group's reserves and movements therein for the current and prior periods are presented in the condensed consolidated statement of changes in equity on page 6.

Note:

- (a) Special capital reserve
Pursuant to a special resolution passed at an extraordinary general meeting of the Company on 23 December 1998 and the subsequent confirmation by the court on 26 January 1999, the then entire amount standing to the credit of the share capital account of the Company of approximately HK\$1,709,202,000 was cancelled on 27 January 1999 (the "Cancellation"). The credit arising from the Cancellation was transferred to a special capital reserve account.
- (b) Hedging reserve
The hedging reserve relates to the Group's share of the hedging reserve under joint ventures.

Notes to the Interim Financial Statements (Continued)

19. CONTINGENT LIABILITIES

Save as disclosed elsewhere in the interim financial statements, the Group had the following contingent liabilities at the end of the reporting period:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Secured bankers' guarantee	796	687
Unsecured bankers' guarantee	2,938	2,977
	3,734	3,664

The bankers' guarantees were mainly issued in lieu of rental and utility deposits for the premises used in the food businesses segment. As at 30 June 2022, the secured bankers' guarantees were secured by corporate guarantees from the shareholders of a subsidiary of approximately HK\$387,000 (31 December 2021 — HK\$396,000) and certain assets under pledge with bank borrowings of the Group.

20. COMMITMENTS

The Group had the following commitments at the end of the reporting period:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Commitments in respect of properties, plant and equipment: Contracted, but not provided for	6,632	20,272
Other commitments: Contracted, but not provided for (Note)	104,736	93,894
	111,368	114,166

Note: The balance included the Group's commitments for financial assets at fair value through profit or loss of HK\$100,813,000 (31 December 2021 — HK\$89,996,000).

21. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the interim financial statements, the Group had the following transactions with related parties during the six months ended 30 June 2022:

- During the period, the Group paid interest expense of HK\$1,776,000 (2021 — HK\$1,984,000) to a holding company of the Company pursuant to an unsecured loan granted by such holding company, details of which are disclosed in Note 15 to the interim financial statements.
- During the period, the Group received service fee income of HK\$967,000 (2021 — HK\$406,000) from a joint venture of the Group.

Notes to the Interim Financial Statements (Continued)

21. RELATED PARTY TRANSACTIONS (Continued)

- (c) During the period, the Group received interest income of HK\$31,254,000 (2021 — HK\$31,688,000) from joint ventures of the Group.
- (d) During the period, the Group received revenue from the provision of project management services of HK\$1,534,000 (2021 — HK\$2,261,000) from associates of the Group.
- (e) During the period, the Group paid consultancy and service fees of HK\$914,000 (2021 — HK\$924,000) to an associate of the Group. The fee was charged pursuant to the terms of the agreement signed between the parties.
- (f) As at 30 June 2022, the Group had amounts due from associates of HK\$36,578,000 (31 December 2021 — HK\$37,047,000), which are unsecured, interest-free and repayable on demand.
- (g) As at 30 June 2022, the Group had amounts due from joint ventures of HK\$2,935,655,000 (31 December 2021 — HK\$2,968,482,000) and amount due to a joint venture of HK\$4,229,000 (31 December 2021 — HK\$4,363,000). The amounts due from joint ventures included balances of HK\$2,543,761,000 (31 December 2021 — HK\$2,579,512,000), which are unsecured, bear interest at rates ranging from nil to 2.25% per annum (31 December 2021 — nil to 2.25% per annum) and are repayable on demand. The amounts due from joint ventures also included balances of HK\$201,772,000 (31 December 2021 — HK\$199,991,000), which are unsecured, bear interest at rates ranging from nil to 7% per annum (31 December 2021 — nil to 7% per annum) and are repayable when the resources of the joint ventures permit. The remaining balances with the joint ventures are unsecured, interest-free and repayable on demand.

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments carried at fair value, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2022 HK\$'000	31 December 2021 HK\$'000	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Financial assets				
Financial assets at fair value through other comprehensive income	98,477	78,638	98,477	78,638
Financial assets at fair value through profit or loss	1,094,212	1,143,230	1,094,212	1,143,230
Other financial assets	680	1,504	680	1,504
	1,193,369	1,223,372	1,193,369	1,223,372
Financial liabilities				
Other financial liabilities	—	9,824	—	9,824

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity of more than three months, financial assets included in debtors, prepayments and other assets, loans and advances, amounts due from associates and joint ventures, other loans 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.

The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity securities, debt securities and investment funds 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 value of financial liabilities at fair value through profit or loss designated as such upon initial recognition within Level 2 of fair value hierarchy was determined by reference to the pro-rata share held by external parties of the net asset value of an exchange traded fund, which was a subsidiary of the Group.

The fair value of the interest rate swap is valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include present value calculations using forward pricing and observable forward interest rate. The fair values of warrants are based on broker quotes.

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% (31 December 2021 — 3%), the fair value will be increased/decreased by HK\$19,814,000 (31 December 2021 — HK\$18,613,000).

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.

Notes to the Interim Financial Statements (Continued)

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of the unlisted equity securities and debt securities used in Level 3 fair value measurements as at 30 June 2022 and 31 December 2021:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted equity securities	Market approach	Price to earnings multiple ("PE multiple")	7.9 (31 December 2021 — 7.9)	When PE multiple increases/decreases by 0.5 (31 December 2021 — 0.5), the fair value will be increased/decreased by HK\$432,000 and HK\$432,000 (31 December 2021 — HK\$429,000 and HK\$429,000), respectively.
		Price to sales multiple ("PS multiple")	3.7 (31 December 2021 — 3.7)	When PS multiple increases/decreases by 0.1 (31 December 2021 — 0.1), the fair value will be increased/decreased by HK\$891,000 and HK\$891,000 (31 December 2021 — HK\$913,000 and HK\$913,000), respectively.
		Discount for lack of marketability ("DLOM")	15.8% (31 December 2021 — 15.8%)	When DLOM increases/decreases, the fair value will be decreased/increased. Fair value changes resulting from reasonably possible changes in DLOM were not significant (31 December 2021 — not significant).
		Probability of redemption ("Probability")	89% (31 December 2021 — 89%)	When the Probability increases/decreases by 5% (31 December 2021 — 5%), the fair value will be decreased/increased by HK\$2,134,000 and HK\$2,126,000 (31 December 2021 — HK\$2,121,000 and HK\$2,113,000), respectively.
Unlisted equity securities	Income approach	Discount rate	18.4% to 29.5% (31 December 2021 — 18.4% to 29.5%)	When discount rate increases/decreases by 3% (31 December 2021 — 3%), the fair value will be decreased/increased by HK\$3,848,000 and HK\$5,267,000 (31 December 2021 — HK\$3,917,000 and HK\$5,362,000), respectively.
		DLOM	15.8% to 20.6% (31 December 2021 — 15.8% to 20.6%)	When DLOM increases/decreases, the fair value will be decreased/increased. Fair value changes resulting from reasonably possible changes in DLOM were not significant (31 December 2021 — not significant).
Unlisted debt securities	Income approach	Discount rate	5.3% (31 December 2021 — 5.3%)	When discount rate increases/decreases, the fair value will be decreased/increased. Fair value changes resulting from reasonably possible changes in discount rate were not significant (31 December 2021 — not significant).

22. 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			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 30 June 2022				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income:				
Equity securities	895	–	97,582	98,477
Financial assets at fair value through profit or loss:				
Equity securities	354,807	–	–	354,807
Debt securities	17,552	23,527	3,357	44,436
Investment funds	34,492	–	660,477	694,969
Other financial assets:				
Futures	70	–	–	70
Warrants	–	610	–	610
	407,816	24,137	761,416	1,193,369
At 31 December 2021				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income:				
Equity securities	91	–	78,547	78,638
Financial assets at fair value through profit or loss:				
Equity securities	459,009	–	–	459,009
Debt securities	18,516	35,136	3,438	57,090
Investment funds	6,695	–	620,436	627,131
Other financial asset:				
Warrants	–	1,504	–	1,504
	484,311	36,640	702,421	1,223,372
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss				
designated as such upon initial recognition	–	9,564	–	9,564
Interest rate swap	–	260	–	260
	–	9,824	–	9,824

Notes to the Interim Financial Statements (Continued)

22. 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 period 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 2022	78,547	3,438	620,436
Total gains recognised in the statement of profit or loss	–	–	53,498
Total losses recognised in other comprehensive income	(795)	–	–
Additions	19,955	–	14,314
Disposals	–	–	(3,439)
Distributions	–	–	(21,103)
Exchange adjustments	(125)	(81)	(3,229)
At 30 June 2022	97,582	3,357	660,477
At 1 January 2021	102,356	–	449,401
Total gains recognised in the statement of profit or loss	–	–	90,250
Total losses recognised in other comprehensive income	(60,954)	–	–
Additions	2,993	–	4,233
Disposals	(3,887)	–	(1,992)
Distributions	–	–	(12,129)
Exchange adjustments	(85)	–	(1,059)
At 30 June 2021	40,423	–	528,704

During the six months ended 30 June 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2021 — 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.

Business Review and Prospects

Business Review

Overview

During the six months ended 30 June 2022 (the “Period”), the external environment deteriorated. The prolonged Russia-Ukraine war has disrupted the global supply of food, energy and other commodities which in turn has exacerbated inflationary pressures and global economic uncertainty. The adoption of “zero-COVID” policy and extensive COVID-19 pandemic (the “Pandemic”) lockdowns in mainland China during the Period had disrupted its economic activities and slowed down its economic growth. Higher inflation has triggered most central banks to adopt aggressive tightening monetary policy. Under such circumstances, the global stock markets were volatile. The US stocks recorded sharpest first-half year drop in more than 50 years. The performance of the local stock market was also unsatisfactory during the Period. The ongoing Pandemic continued to evolve with new variants and the impact of the Pandemic’s containment measures also affected the Group’s operations. Accordingly, the operating environment was challenging during the Period. However, following the progressive lifting of Pandemic’s restrictions and reopening of borders in Singapore, business confidence there continued to revitalize on the back of a recovery in consumption and tourist arrivals contributing to a significant improvement in the performance of the Group’s joint ventures in Singapore.

Results for the Period

Amidst the challenging operating environment, the Group recorded a consolidated profit attributable to shareholders of HK\$105 million for the Period, as compared to a consolidated profit of HK\$237 million for the six months ended 30 June 2021 (“2021”). The decrease in profit was largely attributable to the net fair value loss on financial instruments at fair value through profit or loss of the Group during the Period while a net fair value gain was recorded in 2021. The impact was partially offset by the increase in share of profit of joint ventures during the Period.

Food businesses remain the principal sources of revenue of the Group, contributing to 81% (2021 — 81%) of total revenue for the Period but registered a 13% decrease as it continued to be affected by the Pandemic’s containment measures during the Period. Total revenue for the Period decreased by 13% to HK\$315 million (2021 — HK\$361 million).

The Group’s other operating expenses mainly included selling and distribution expenses and utilities charges for food businesses, legal and professional fees, consultancy and service fees, and repairs and maintenance expenses. Other operating expenses amounted to HK\$82 million for the Period (2021 — HK\$85 million).

Property investment

The total segment revenue from the property investment business for the Period amounted to HK\$44 million (2021 — HK\$45 million), which was mainly attributable to recurrent rental income from the Group's investment properties and interest income from the loans to joint ventures of the Group.

The Group's property investment portfolio is located mainly in Hong Kong and mainland China. The Group recorded fair value loss on investment properties of HK\$4 million for the Period (2021 — gain of HK\$3 million). Segment profit before accounting for the share of results from the Group's joint ventures amounted to HK\$21 million for the Period (2021 — HK\$23 million).

Lippo ASM Asia Property Limited ("LAAPL", together with its subsidiaries, the "LAAPL Group"), a principal joint venture of the Group, is the vehicle holding a controlling stake in OUE Limited ("OUE", together with its subsidiaries, the "OUE Group"), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The OUE Group is a leading pan-Asian, full service real estate development, investment and management conglomerate with assets across the commercial, hospitality, retail, residential, healthcare and consumer sectors. As at 30 June 2022, the LAAPL Group had an equity interest of approximately 71.3% in OUE.

OUE Commercial Real Estate Investment Trust ("OUE C-REIT"), a subsidiary of OUE, is one of the largest diversified REITs listed on the SGX-ST. The property portfolio of OUE C-REIT includes OUE Bayfront, One Raffles Place, OUE Downtown Office, Hilton Singapore Orchard, the adjoining Mandarin Gallery and Crowne Plaza Changi Airport in Singapore as well as Lippo Plaza in Shanghai, the People's Republic of China (the "PRC"). The LAAPL Group had an aggregate of approximately 49.2% interest in OUE C-REIT as at 30 June 2022.

Committed occupancy of Singapore office properties of OUE C-REIT's portfolio slightly improved to 92.9% as at 30 June 2022 as a result of improvements in office leasing momentum and its focus on prioritising occupancy. Mandarin Gallery's committed occupancy also slightly increased to 90.3%, with committed occupancy including short-term leases at 95.6% as at 30 June 2022. For the second quarter of 2022, both shopper traffic and tenant sales of Mandarin Gallery had improved to approximately 90% and 85% of the pre-Pandemic levels respectively. The performance of the hospitality business improved following the opening of the re-branded Hilton Singapore Orchard in late February 2022 and an increase in tourist arrivals following Singapore's reopening of borders. Hilton Singapore Orchard is the largest Hilton property in Asia-Pacific and its flagship in Singapore. The high-end hotel offers one of the largest event venues in the heart of Singapore's premier shopping and entertainment district. Hilton Singapore Orchard is well-positioned to capture the recovery of Singapore's hospitality sector from the Pandemic with Hilton's strong brand recognition and global sales and distribution network.

Business Review and Prospects (Continued)

OUE Lippo Healthcare Limited (“OUE LH”), a subsidiary of OUE listed on the sponsor-supervised listing platform (the “Catalist Board”) of the SGX-ST, is a Pan-Asian healthcare group that owns, operates and invests in quality healthcare businesses in high-growth Asian markets. As at 30 June 2022, the OUE Group owned approximately 70.4% equity interest in OUE LH. Apart from Wuxi Lippo Xi Nan Hospital in the PRC which is in operation, the construction and development of Changshu China Merchants-Lippo Obstetrics & Gynaecology Hospital and Shenzhen China Merchants-Lippo Prince Bay Hospital, with a total capacity of approximately 340 beds, continue to progress as planned. The two hospitals to be operated by the OUE LH Group’s joint venture with the China Merchants group are expected to be commissioned in 2023 and 2024 respectively. The economy in Myanmar is facing a series of external and internal challenges including the weakening of the Myanmar Kyats, resulting in the imposition of restrictions on export and import licences, and the country’s foreign exchange inflow and outflow. Nevertheless, as healthcare services remain to be an essential social service, the OUE LH Group’s joint venture, Pun Hlaing Hospital, continued to see an uptrend in its performance in local currency terms. In June 2022, a joint venture in which the OUE LH Group and the OUE Group hold 60% and 40% respectively completed the acquisition through another 60% owned joint venture of a 60% interest in each of two respiratory and one cardiothoracic medical practices in Singapore for a total consideration of approximately S\$40.4 million (equivalent to approximately HK\$228 million). The partnership is an important milestone for the OUE LH Group’s building of a regional healthcare ecosystem comprising full spectrum of tiered healthcare services anchored on Singapore medical best practices.

In March 2022, the OUE LH Group divested its entire interests in 12 nursing homes in Japan to First Real Estate Investment Trust (“First REIT”), which is listed on the Mainboard of the SGX-ST, for a consideration of approximately S\$160.6 million (equivalent to approximately HK\$929 million) which was mainly satisfied by new units in First REIT, resulting in an increase in the OUE LH Group’s direct interest in First REIT and the consolidation of First REIT as a subsidiary of the OUE LH Group. The divestment has enhanced the OUE LH Group’s capital structure and is in line with the OUE LH Group’s asset-light strategy to focus on quality healthcare services delivery as well as repositioning First REIT with further diversification of its portfolio by geography and tenants. First REIT is a healthcare real estate investment trust which invests in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes. As at 30 June 2022, First REIT had 31 properties comprising 16 in Indonesia, 12 in Japan and 3 in Singapore. As at 30 June 2022, the OUE Group (including that held through the OUE LH Group) had an approximately 44.0% interest in First REIT.

The OUE Group participates in Indonesia's rapidly growing digital and consumer sectors through a 40% owned joint venture which had an approximately 32% interest in PT Matahari Department Store Tbk ("MDS"), a company listed on PT Bursa Efek Indonesia (Indonesia Stock Exchange) (the "IDX"). MDS is a leading retail operator with approximately 140 stores in 77 cities across Indonesia and a growing online presence. The OUE Group also held approximately 16% interest in PT Multipolar Tbk ("Multipolar"), a company listed on IDX. Multipolar is a consumer and technology investment company with a portfolio of businesses spanning across various sectors including omnichannel retails, consumer services, telecommunications, multimedia, technology, financial services and industrial.

The Group recorded a share of profit of joint ventures of HK\$271 million from its investment in LAAPL for the Period (2021 — HK\$173 million). The positive change was mainly attributable to the improvement in the performance of the hospitality business and net fair value gain of financial assets of the joint venture and increase in profit contribution from its equity-accounted investees for the Period. Coupled with the depreciation of Singapore dollar and share of fair value loss of its financial assets at fair value through other comprehensive income in reserves during the Period, the Group's total interests in LAAPL as at 30 June 2022 decreased to HK\$10.3 billion (31 December 2021 — HK\$10.6 billion).

Property development

Sale of the remaining properties at Lippo Plaza in Beijing, the PRC remained sluggish due to persistent local market conditions. No sale was completed during the Period while segment revenue of HK\$4 million was recorded in 2021 from the sale of remaining properties. The dissolution of a joint venture which was previously engaged in property development project in Singapore was completed during the Period. The accumulated translation gain of HK\$22 million in the exchange equalisation reserve was released to the statement of profit or loss accordingly. As a result, the segment recorded a profit of HK\$17 million for the Period (2021 — loss of HK\$4 million) before accounting for the share of results from the Group's associates and joint ventures.

Sale of some units of the luxurious Marina Collection in Sentosa, Singapore (in which the Group has a 50% interest) was completed during the Period. A portion of the remaining units is leased out. The Group shared a profit of associate of HK\$6 million (2021 — HK\$5 million) from the investment.

Food businesses

The Group's food businesses segment recorded a revenue of HK\$254 million (2021 — HK\$294 million), mainly from food retail operations in chains of cafés and bistros and food manufacturing. The relaxation of containment measures and border restrictions in Singapore since end of March 2022 supported a faster pace of recovery for the food and beverage sector. The performance of the food retail business in Singapore improved during the Period. However, the fifth wave of the Pandemic in Hong Kong during the Period brought difficult environment to the Group's food retail business as stringent social distancing measures were imposed. The performance of the Group's food retail operations in Hong Kong were adversely affected. On the other hand, the Group's food manufacturing business was impacted by operational challenges, input cost pressures arising from the global inflationary environment and challenges expanding into the Malaysian market, partially offset by some cost savings from the cessation of the factory in Singapore. The operating environment of the food businesses of the Group as a whole was difficult and challenging. As a result, the segment loss increased to HK\$67 million for the Period (2021 — HK\$37 million).

The Group will continue to focus on its food retail business and food manufacturing business. The Group is currently operating restaurants under the brands "Chatterbox Café", "Chatterbox Express", "alfafa", "Delifrance", "Maxx Coffee" and "Lippo Chiuchow Restaurant". To improve its competitiveness, the Group is undertaking a rebranding exercise for "Delifrance".

Treasury and securities investments

The Group managed its investment portfolio in accordance with its investment committee's terms of reference and looked for opportunities to enhance yields. The Group invested in a diversified portfolio mainly including listed and unlisted equity securities, debt securities and investment funds. Treasury and securities investments businesses recorded a total revenue of HK\$9 million during the Period (2021 — HK\$12 million). The Group recorded a net fair value loss of HK\$25 million in the statement of profit or loss from its securities investments for the Period as compared with a gain of HK\$211 million in 2021 under this segment. The change was mainly due to net fair value loss deriving from listed equity securities and decrease in fair value gain from unlisted investment funds. As a result, the treasury and securities investments businesses recorded a net loss of HK\$19 million in the statement of profit or loss for the Period (2021 — profit of HK\$213 million).

Business Review and Prospects (Continued)

As at 30 June 2022, the treasury and securities investments portfolio of HK\$1,906 million (31 December 2021 — HK\$2,115 million) comprised mainly cash and bank balances of HK\$706 million (31 December 2021 — HK\$887 million), financial assets at fair value through profit or loss (“FVPL”) of HK\$1,094 million (31 December 2021 — HK\$1,143 million) and financial assets at fair value through other comprehensive income (“FVOCI”) of HK\$98 million (31 December 2021 — HK\$79 million). Further details of securities investments under different categories are as follows:

Financial assets at fair value through profit or loss

As of 30 June 2022, the Group’s financial assets at FVPL amounted to HK\$1,094 million (31 December 2021 — HK\$1,143 million), comprising equity securities of HK\$355 million (31 December 2021 — HK\$459 million), debt securities of HK\$44 million (31 December 2021 — HK\$57 million) and investment funds of HK\$695 million (31 December 2021 — HK\$627 million).

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

	As at 30 June 2022		Approximate percentage to the total assets	As at	Six months ended
	Fair value HK\$'000	Approximate percentage of financial assets at FVPL		31 December 2021	30 June 2022
				Fair value HK\$'000	Net fair value gain/(loss) HK\$'000
Ascapia Fund II (“Ascapia”)	87,836	8.0%	0.6%	72,602	18,367
Quantedge Global Fund (“Quantedge”)	80,442	7.4%	0.5%	84,838	(4,219)
GSH Corporation Limited (“GSH”)	71,084	6.5%	0.4%	78,649	(7,565)
Ilya Fund (“Ilya”)	69,288	6.3%	0.4%	20,390	52,441
Others (Note)	785,562	71.8%	5.0%	886,751	(82,678)
Total	1,094,212	100.0%	6.9%	1,143,230	(23,654)

Note: Others comprised of various securities, none of which accounted for more than 6% of financial assets at FVPL as at 30 June 2022.

Ascapia

As at 30 June 2022, the fair value of the Group's investment in Ascapia amounted to HK\$88 million, representing approximately 8.0% and 0.6% of the Group's total financial assets at FVPL and total assets, respectively. The Group invested in Ascapia for strategic purpose. Ascapia is an unlisted investment fund with investment objective to preserve capital and deliver attractive risk-adjusted returns and to outperform the market indices in bearish markets. The investment manager seeks to avoid securities that it considers to be fraudulent, faddish, or financially unsustainable and actively attempts to hedge tail-risk with currency, commodities or futures. The Group reported a fair value gain of HK\$18 million for its investment in Ascapia for the Period, mainly contributed by the consumer discretionary sector. The Group partially redeemed the investment in July 2022 to unlock the accumulated gain coming from Ascapia.

Quantedge

As at 30 June 2022, the fair value of the Group's investment in Quantedge amounted to HK\$80 million, representing approximately 7.4% and 0.5% of the Group's total financial assets at FVPL and total assets, respectively. The Group invested in Quantedge for long-term strategic purpose as its goal is in line with the Group's investment strategy. Quantedge is an unlisted investment fund which aims to achieve absolute long-term capital growth by investing in multiple asset classes across the globe. Accordingly, the investment results may vary substantially over short periods of time. The Group shared a fair value loss of HK\$4 million from the investment for the Period as the prices of all major asset classes were down during the Period.

GSH

As at 30 June 2022, the fair value of the Group's equity securities in GSH amounted to HK\$71 million, representing approximately 6.5% and 0.4% of the Group's total financial assets at FVPL and total assets, respectively. An unrealised fair value loss of HK\$8 million was recognised by the Group for the Period. The Group also invested in the listed convertible bonds issued by GSH. As at 30 June 2022, the fair value of the Group's debt securities in GSH amounted to HK\$18 million, representing approximately 1.6% and 0.1% of the Group's total financial assets at FVPL and total assets, respectively.

GSH, having its shares listed on the SGX-ST, is a property developer in Asia with five properties under development in Malaysia and mainland China. It also owns and operates the Sutera Harbour Resort in Kota Kinabalu, comprising two five-star hotels, a 104-berth marina and a 27-hole championship golf course, and the idyllic Sutera@Mantanani Resort on the Mantanani Islands in Sabah. The business operation of GSH was affected by the Pandemic. With Malaysia's reopening of international borders in April 2022, it may foster a positive effect on GSH's operating environment. The share price of GSH may continue to fluctuate.

Ilya

As at 30 June 2022, the fair value of the Group's investment in Ilya amounted to HK\$69 million, representing approximately 6.3% and 0.4% of the Group's total financial assets at FVPL and total assets, respectively. Ilya adopts a multi-sector strategy, with the primary objective to provide its investors with long-term capital appreciation through direct and indirect investment in listed and unlisted equity and debt-related securities across multiple sectors. The fund performance may subject to high volatility in the short term. The Group reported a fair value gain of HK\$52 million for its investment in Ilya for the Period.

Financial assets at fair value through other comprehensive income

In addition to the above investments under financial assets at FVPL, the Group also invested in equity securities which are held for long term strategic purposes. Such investments were recorded under financial assets at FVOCI. As at 30 June 2022, the fair value of such investments amounted to HK\$98 million (31 December 2021 — HK\$79 million). Esseplere Pte. Ltd. ("Esseplere") is the major investment in this category. Esseplere is a Singapore-based unlisted company focusing in dining sector. It aims to build Asia's leading food portal by developing a robust food ecosystem through a network of talented chefs and distributed kitchens enabled by an innovative digital and technology platform through its creative food brands and the end-to-end technology platform. The Group invested in Esseplere since 2019 and a follow-on investment was made during the Period. As at 30 June 2022, the fair value of the Group's investment in Esseplere amounted to HK\$25 million, representing approximately 25% and 0.2% of the Group's total financial assets at FVOCI and total assets as at 30 June 2022, respectively. The Group recorded an unrealised fair value loss of HK\$1 million through other comprehensive income for the Period.

Healthcare services

The Group's healthcare services business is mainly carried out through its investments in Healthway Medical Corporation Limited ("Healthway", together with its subsidiaries, the "Healthway Group"), an associate of the Company. As at 30 June 2022, the Group was interested in approximately 40.8% of the issued shares in Healthway. Healthway is a company listed on the Catalist Board of the SGX-ST and a well-established private healthcare provider in Singapore. During the Period, the Healthway Group expanded its network by opening six new clinics, including one dental clinic. The Healthway Group currently owns, operates and manages approximately 100 medical centres and clinics and is one of the largest outpatient clinic chains in Singapore.

The Healthway Group recorded stronger revenue for the Period. The growth in revenue was contributed from the primary healthcare segment. With the easing of community and border measures of the Pandemic rules by Singapore government during the Period, there was an increase in patient volume in the primary healthcare segment which was further complemented by revenue from vaccination, COVID-19 polymerase chain reaction (“PCR”) and serology testing projects. The Healthway Group registered an increase in profit attributable to shareholders for the Period and the Group recognised a higher share of profit of HK\$18 million (2021 — HK\$13 million) for the Period accordingly. As at 30 June 2022, the Group’s interest in Healthway amounted to HK\$450 million (31 December 2021 — HK\$443 million).

With the vast majority of the Singapore population having been fully vaccinated, the Singapore government started to progressively wind down COVID-19 vaccination centres from end of May 2022. At the end of June 2022, Healthway ceased operations of its vaccination centres. However, Healthway continues to support the Singapore government in operating two joint testing and vaccination centres as Singapore transitions to an endemic phase of COVID-19. The Healthway Group is cautiously optimistic about its business growth in view of intensifying inflationary pressures exacerbated by the current manpower crunch, global supply chain disruption, rising energy prices and the tapering off of PCR and pre-departure tests. The Healthway Group remains firmly committed to expand its network of general practitioner clinics. Looking ahead, the Healthway Group will focus on supporting the Healthier SG initiative. Announced by the Singapore government, this national healthcare strategy promotes a patient-centric approach as Singapore aims to make primary healthcare more accessible and holistic. The Healthway Group is ramping up its operations to support the programme’s goals of promoting preventive care and helping Singaporeans build a trusted lifelong relationship with their family doctors.

Other business

The Group recorded a share of profit of HK\$6 million from its investment in TIH Limited (“TIH”), an associate of the Company and listed on the Mainboard of the SGX-ST for the Period (2021 — HK\$26 million), mainly attributable to fair value gain on its equity investments and debt investment and income from fund management segment. The Group’s interests in TIH as at 30 June 2022 amounted to HK\$284 million (31 December 2021 — HK\$291 million).

Business Review and Prospects (Continued)

TIH currently has two business segments, that is, investment business and fund management. Under investment business, TIH is seeking capital appreciation and investment income from special situation investments in both public and private companies, acquisitions of secondary portfolio and non-core assets, private credit and long-term strategic private equity. Under fund management, TIH's wholly-owned subsidiary, TIH Investment Management Pte. Ltd., which holds a capital markets services licence from the Monetary Authority of Singapore, continues to procure recurring fee-based income from managing third party investment funds.

Financial Position

The Group's financial position remained healthy. As at 30 June 2022, its total assets amounted to HK\$15.8 billion (31 December 2021 — HK\$16.6 billion). Property-related assets amounted to HK\$12.3 billion as at 30 June 2022 (31 December 2021 — HK\$12.7 billion), representing 77% (31 December 2021 — 77%) of the total assets. Total liabilities amounted to HK\$2.4 billion (31 December 2021 — HK\$2.5 billion). As at 30 June 2022, total cash and cash equivalents and time deposits amounted to HK\$0.8 billion (31 December 2021 — HK\$1.0 billion). Current ratio as at 30 June 2022 was 1.0 (31 December 2021 — 1.9).

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

As at 30 June 2022, bank borrowings comprised secured bank loans of HK\$1,381 million (31 December 2021 — HK\$1,447 million) and unsecured bank loans of HK\$334 million (31 December 2021 — HK\$273 million). The Group's bank borrowings were denominated in Hong Kong dollars, Singapore dollars and Malaysian ringgits. The bank borrowings were secured by fixed and floating charges on certain properties and assets of certain subsidiaries and shares in certain subsidiaries of the Group. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 30 June 2022, all the Group's bank borrowings carried interest at floating rates. As at 31 December 2021, approximately 3% of the Group's bank borrowings effectively carried fixed rate of interest and the remaining were at floating rates.

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

Business Review and Prospects (Continued)

As at 30 June 2022, approximately 59% (31 December 2021 — 24%) of the bank and other borrowings were repayable within one year. As at 30 June 2022, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 14.8% (31 December 2021 — 14.2%). The Group does not expect any liquidity pressures under the prolonged Pandemic.

The net asset value attributable to equity holders of the Company decreased to HK\$9.5 billion as at 30 June 2022 (31 December 2021 — HK\$9.9 billion), which was mainly attributable to the share of reduction in reserves of LAAPL Group offset with net profit for the Period. This was equivalent to HK\$19.2 per share as at 30 June 2022 (31 December 2021 — HK\$20.2 per share).

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

The Group had bankers' guarantees issued in lieu of rental and utility deposits for the premises used for operation of food businesses. As at 30 June 2022, the Group has secured bankers' guarantees of HK\$1 million (31 December 2021 — HK\$1 million) and unsecured bankers' guarantees of HK\$3 million (31 December 2021 — HK\$3 million). The secured bankers' guarantees were secured by corporate guarantees from the shareholders of a subsidiary and certain assets of the Group. Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31 December 2021 — Nil).

Total commitment of the Group as at 30 June 2022 amounted to HK\$111 million (31 December 2021 — HK\$114 million), which are mainly related to the committed investments in certain unlisted investment funds for long-term strategic purpose. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had 815 full-time employees as at 30 June 2022 (30 June 2021 — 934 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Period amounted to HK\$150 million (2021 — HK\$155 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

Prospects

Many countries, including Singapore, across the world have uplifted all or most of the lock-down and other containment measures against the Pandemic. It would revitalize economy and encourage international travel and tourism. However, elevated inflation and the aggregative tightening of monetary policy by many major central banks will weaken the growth momentum globally. The global economy will also be affected by the evolving Pandemic and heightened geopolitical tensions. Key economic and market indicators suggest that the operating environment in the second half of 2022 will be tough and challenging. The Group and its associates and joint ventures will continue to maintain their capital resources and expenditure prudently amid the evolving Pandemic, geopolitical uncertainties, global inflation, interest hikes as well as recession risk.

Additional Information

Interim Dividend

The Directors have resolved not to declare the payment of any interim dividend for the six months ended 30 June 2022 (2021 — Nil).

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

As at 30 June 2022, 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:

Additional Information (Continued)

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

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of controlled corporations)	Total interests	Approximate percentage of total interests in the issued shares
Number of ordinary shares in the Company					
Stephen Riady	–	–	369,800,219 <i>Note (i)</i>	369,800,219	74.98
Jark Pui Lee	–	60	–	60	0.00
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares in Lippo China Resources Limited ("LCR")					
Stephen Riady	–	–	6,890,184,389 <i>Notes (i) and (ii)</i>	6,890,184,389	74.99
Number of ordinary shares of HK\$1.00 each in Hongkong Chinese Limited ("HKC")					
Stephen Riady	–	–	1,477,715,492 <i>Notes (i) and (iii)</i>	1,477,715,492	73.95
Jark Pui Lee	469	469	–	938	0.00
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03

Note:

- (i) As at 30 June 2022, Lippo Capital Limited ("Lippo Capital"), an Associated Corporation of the Company, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in an aggregate of 369,800,219 ordinary shares in, representing approximately 74.98% of the issued shares of, the Company. 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 30 June 2022, the Company, through its 100% owned subsidiaries, was indirectly interested in 6,890,184,389 ordinary shares in, representing approximately 74.99% of the issued shares of, LCR.
- (iii) As at 30 June 2022, the Company, through its 100% owned subsidiaries, was indirectly interested in 1,477,715,492 ordinary shares of HK\$1.00 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 30 June 2022:

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 Digital Retail Pte. Ltd. ("Auric Digital")	(b)	Ordinary shares	10	100
Auric Pacific Group Limited ("Auric")	(c)	Ordinary shares	80,618,551	65.48
Bentham Holdings Limited	(d)	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
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	(d)	Ordinary shares	423,414,001	60
Lippo Capital Holdings	(e)	Ordinary shares	1	100
Lippo Finance Limited	(a)	Ordinary shares	6,176,470	82.35
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
PT Matahari Department Store Tbk.	(f)	Ordinary shares	1,350,768,696	51.44
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, 6 ordinary shares were held by Auric Bespoke I Pte. Ltd. ("Auric Bespoke") and 4 ordinary shares were held by OUE Retail Holdings Pte. Ltd. ("OUE Retail"). Auric Bespoke was a wholly-owned subsidiary of Auric Capital Holdings Limited which was owned as to 50% by Edgemont Hill Holdings Limited ("Edgemont"). Edgemont was wholly owned by Dr. Riady. OUE Retail was 100% owned direct subsidiary of OUE Limited ("OUE"). OUE was indirectly owned as to approximately 71.29% by Fortune Crane Limited ("FCL"). HKC, through its 50% joint venture, Lippo ASM Asia Property Limited, held approximately 92.05% interest in FCL. Details of Dr. Riady's interest in HKC and the Company are disclosed in Notes (i) and (iii) above.
- (c) Of these shares, 4,999,283 ordinary shares were held by Jeremiah Holdings Limited ("Jeremiah"), a 60% owned indirect subsidiary of LCR; 20,004,000 ordinary shares were held by Nine Heritage Pte Ltd, an 80% owned direct subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd, a 100% owned indirect subsidiary of LCR and 759,000 ordinary shares were held by Max Turbo Limited, a 100% owned indirect subsidiary of LCR. Details of Dr. Riady's interest in LCR are disclosed in Notes (i) and (ii) above. In addition, as at 30 June 2022, 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.
- (d) Such share(s) was/were held directly by Lippo Capital Holdings which in turn was a direct wholly-owned subsidiary of Lippo Capital Group.
- (e) Such share was 100% held directly by Lippo Capital Group.
- (f) Of these shares, 509,992,000 ordinary shares were held by PT Multipolar Tbk. ("PT Multipolar") and 840,776,696 ordinary shares were held by Auric Digital. PT Multipolar was owned as to 42.03% by PT Inti Anugerah Pratama which in turn was owned as to 40% by Fullerton Capital Limited ("Fullerton"). Dr. Riady, through a company controlled by him, is the beneficial owner of 100% of the issued shares in Fullerton. Details of Dr. Riady's interest in Auric Digital are disclosed in Note (b) above.

As at 30 June 2022, 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 30 June 2022, 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 30 June 2022, 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.

Updated Director's Information

The following is the updated information of a Director of the Company disclosed pursuant to rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

Mr. John Luen Wai Lee stepped down as a member of the Public Service Commission on 1 May 2022.

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, Lippo China Resources Limited (a listed subsidiary of the Company) and the Company, was adopted on 11 September 2014.

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

Following the receivership entered into in August 2015, the listing of Asia Now was transferred from TSX Venture Exchange of Canada ("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.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2022, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

Interests and Short Positions of Shareholders Discloseable under the Securities and Futures Ordinance

As at 30 June 2022, 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 in shares of the Company

Name of substantial shareholder	Number of ordinary shares	Approximate percentage of the issued shares
Lippo Capital Limited ("Lippo Capital")	369,800,219	74.98
Lippo Capital Holdings Company Limited ("Lippo Capital Holdings")	369,800,219	74.98
Lippo Capital Group Limited ("Lippo Capital Group")	369,800,219	74.98
Madam Shincee Leonardi	369,800,219	74.98
PT Trijaya Utama Mandiri ("PT TUM")	369,800,219	74.98
Mr. James Tjahaja Riady	369,800,219	74.98
Madam Aileen Hambali	369,800,219	74.98

Note:

- Lippo Capital, through its wholly-owned subsidiary, J & S Company Limited, was indirectly interested in 14,699,997 ordinary shares of the Company. Together with 355,100,222 ordinary shares of the Company owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 369,800,219 ordinary shares in, representing approximately 74.98% of the issued shares of, the Company.
- 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.
- 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.
- Lippo Capital's interests in the ordinary shares of the Company were recorded as the interests of Lippo Capital Holdings, Lippo Capital Group, Madam Shincee Leonardi, PT TUM, Mr. James Tjahaja Riady and Madam Aileen Hambali. The above 369,800,219 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".

All the interests stated above represent long positions. Save as disclosed herein, as at 30 June 2022, 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.

Disclosure pursuant to rule 13.20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

The Group has granted financial assistance to Fortune Crane Limited (“FCL”), a subsidiary of Lippo ASM Asia Property Limited which in turn is a principal joint venture of the Company. The relevant advances disclosed pursuant to rule 13.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and remained outstanding as at 30 June 2022 were granted under the following loan agreements:

- (i) a loan agreement dated 29 May 2015 between FCL and Pacific Landmark Holdings Limited (“PLH”), a then subsidiary of the Company, pursuant to which PLH agreed to advance a loan of S\$53,920,839.43 (the “Loan”) to FCL;
- (ii) a loan agreement dated 28 August 2015 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S\$7,000,000 (the “Interim Loan”) to FCL;
- (iii) a loan agreement dated 28 August 2015 between FCL and PLH pursuant to which PLH agreed to advance a further loan of S\$100,000,000 (the “Further Loan”) to FCL;
- (iv) a loan agreement dated 12 October 2015 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S\$2,000,000 (the “Second Interim Loan”) to FCL;
- (v) a loan agreement dated 30 November 2015 between FCL and PLH pursuant to which PLH agreed to make available a new loan facility of S\$38,000,000 (the “New Loan”) to FCL;
- (vi) a loan agreement dated 19 July 2016 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of approximately S\$14,959,000 (the “July 2016 Loan”) to FCL; and
- (vii) a loan agreement dated 20 October 2016 between FCL and Polar Step Limited (“PSL”), a subsidiary of the Company, pursuant to which PSL agreed to make available a loan facility in the maximum principal amount of S\$155,000,000 (the “October 2016 Facility”) to FCL. The October 2016 Facility was first drawn on 4 January 2017 (the “October 2016 Facility Drawdown Date”) and is unsecured, subject to an interest rate of 2.25% per annum and repayable on demand.

In addition, an unsecured loan of approximately S\$10,314,000 (the “June 2013 Loan”) was advanced by PLH to FCL on 20 June 2013.

Disclosure pursuant to rule 13.20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Continued)

On 20 October 2016, PLH assigned all of its rights, interests, benefits and title in the June 2013 Loan, the Loan, the Further Loan and the July 2016 Loan to PSL. Pursuant to an amended and restated loan agreement dated 20 October 2016 between, inter alia, PSL and FCL, with effect from the October 2016 Facility Drawdown Date, the interest rate of each of the June 2013 Loan, the Loan, the Further Loan and the July 2016 Loan was amended from 6.5% per annum to 2.25% per annum and the repayment date was amended to repayable on demand.

On 4 January 2017, PLH assigned all of its rights, interests, benefits and title in the Interim Loan, the Second Interim Loan and the New Loan to PSL. Pursuant to an amended and restated loan agreement dated 4 January 2017 between, inter alia, PSL and FCL (which was replaced by a second amended and restated loan agreement dated 4 January 2021), with effect from 4 January 2017, the interest rate of each of the Interim Loan, the Second Interim Loan and the New Loan was amended from 6.5% per annum to 2.25% per annum and such loans will be repayable on demand.

FCL prepaid PSL S\$6,423,108.11 (the "Prepaid Loan") out of the Interim Loan in December 2020 and reborrowed the Prepaid Loan in January 2021 pursuant to a consent letter dated 20 December 2020 between, inter alia, PSL and FCL.

All the above advances to FCL are unsecured. As at 30 June 2022, the outstanding balance of the above advances amounted to approximately S\$380,420,000 (approximately HK\$2,146,634,000).

Audit Committee

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2022.

Corporate Governance

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

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30 June 2022.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as the code for securities transactions by Directors. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code during the period under review.

By Order of the Board

Lippo Limited

John Luen Wai Lee

Managing Director and Chief Executive Officer

Hong Kong, 30 August 2022

Supplementary Financial Information

Disclosure pursuant to rule 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 30 June 2022 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

	HK\$'000
Pro forma combined statement of financial position	
Intangible assets	1,653,809
Fixed assets	4,252,843
Investment properties	30,911,631
Right-of-use assets	353,712
Interests in equity-accounted investees	8,619,060
Properties held for sale	407,883
Financial assets at fair value through other comprehensive income	1,132,425
Financial assets at fair value through profit or loss	1,405,757
Debtors, prepayments and other assets	1,477,004
Cash and cash equivalents	2,957,869
Other net assets	369,221
Bank and other borrowings	(18,473,691)
Lease liabilities	(321,911)
Creditors, accruals and other liabilities	(2,015,670)
Tax payable	(361,887)
Shareholders' advance	(3,677,287)
Deferred tax liabilities	(932,706)
Non-controlling interests	(18,097,461)
	9,660,601
Group's attributable interest (<i>Note</i>)	11,621,833

Note: The Group's attributable interest represents that portion attributable to the Group before non-controlling interests included therein.

Corporate Information

HONORARY CHAIRMAN*

Dr. Mochtar Riady

BOARD OF DIRECTORS

Executive Directors

Dr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee, BBS, JP
(*Managing Director and
Chief Executive Officer*)

Non-executive Directors

Mr. Jark Pui Lee, SBS, OBE, JP
Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

COMMITTEES

Audit Committee

Mr. Victor Ha Kuk Yung (*Chairman*)
Mr. Leon Nim Leung Chan
Mr. Edwin Neo
Mr. King Fai Tsui

Remuneration Committee

Mr. King Fai Tsui (*Chairman*)
Mr. Leon Nim Leung Chan
Mr. Victor Ha Kuk Yung
Mr. Edwin Neo
Dr. Stephen Riady

Nomination Committee

Mr. King Fai Tsui (*Chairman*)
Mr. Leon Nim Leung Chan
Mr. Victor Ha Kuk Yung
Mr. Edwin Neo
Dr. Stephen Riady

* *non-officer position*

SECRETARY

Mr. Davy Kwok Fai Lee

AUDITOR

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
China CITIC Bank International Limited
UBS AG

SOLICITORS

Howse Williams

REGISTRAR

Tricor Progressive 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

226

WEBSITE

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