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LIPPO LIMITED

力寶有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 226)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	4	677,773	728,174
Cost of sales	7	(292,680)	(320,902)
Gross profit		385,093	407,272
Other income	5	16,483	12,155
Administrative expenses		(420,678)	(438,823)
Other operating expenses	7	(159,270)	(174,268)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	7	(105,856)	227,411
Net fair value loss on investment properties		(24,311)	(12,720)
Other gains/(losses) — net	6	13,757	(5,279)
Finance costs		(71,263)	(57,960)
Share of results of associates		(39,694)	68,703
Share of results of joint ventures	8	549,936	632,616
Profit before tax	7	144,197	659,107
Income tax	9	(86)	16,765
Profit for the year		144,111	675,872
Attributable to:			
Equity holders of the Company		125,281	500,070
Non-controlling interests		18,830	175,802
		144,111	675,872
		HK\$	HK\$
Earnings per share attributable to equity holders of the Company	10		
Basic and diluted		0.25	1.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 HK\$'000	2021 HK\$'000
Profit for the year	144,111	675,872
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	(58,607)	3,674
Exchange differences reclassified to profit or loss upon:		
Disposal of foreign subsidiaries	-	(3,944)
Liquidation of foreign operations	(21,926)	155
Disposal of foreign associates	-	1,478
Derecognition of a foreign associate	-	(144)
Deemed disposal of a foreign associate	(12)	-
Share of other comprehensive income/(loss) of associates	6,357	(10,230)
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	(662,884)	(21,151)
Other reserve	22,287	55,426
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax	(714,785)	25,264
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instruments at fair value through other comprehensive income	(25,911)	(52,351)
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	(421,980)	(178,761)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	(447,891)	(231,112)
Other comprehensive loss for the year, net of tax	(1,162,676)	(205,848)
Total comprehensive income/(loss) for the year	(1,018,565)	470,024
Attributable to:		
Equity holders of the Company	(727,189)	347,484
Non-controlling interests	(291,376)	122,540
	(1,018,565)	470,024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Intangible assets		21,034	21,034
Fixed assets		1,087,324	1,143,894
Investment properties		692,027	742,695
Right-of-use assets		156,370	156,443
Interests in associates		1,111,481	1,152,754
Interests in joint ventures	12	10,538,378	10,852,360
Financial assets at fair value through other comprehensive income		72,712	78,638
Financial assets at fair value through profit or loss		479,477	658,527
Debtors, prepayments and other assets	13	14,450	14,672
Other financial asset		-	1,504
Deferred tax assets		6,937	4,225
		<u>14,180,190</u>	<u>14,826,746</u>
Current assets			
Properties held for sale		66,567	70,443
Properties under development		25,081	28,471
Inventories		25,196	18,697
Loans and advances		-	25,635
Debtors, prepayments and other assets	13	116,121	107,574
Financial assets at fair value through profit or loss		308,509	484,703
Other financial assets		651	-
Tax recoverable		915	910
Time deposits with original maturity of more than three months		-	76,425
Cash and cash equivalents		868,547	957,004
		<u>1,411,587</u>	<u>1,769,862</u>
Current liabilities			
Bank and other borrowings		810,446	436,813
Lease liabilities		57,047	55,027
Creditors, accruals and other liabilities	14	220,950	258,445
Other financial liabilities		-	9,824
Tax payable		146,980	152,134
		<u>1,235,423</u>	<u>912,243</u>
Net current assets		<u>176,164</u>	<u>857,619</u>
Total assets less current liabilities		<u>14,356,354</u>	<u>15,684,365</u>

	Note	2022 HK\$'000	2021 HK\$'000
Non-current liabilities			
Bank and other borrowings		987,745	1,382,828
Lease liabilities		108,866	111,360
Creditors, accruals and other liabilities	14	9,150	10,698
Deferred tax liabilities		33,614	42,042
		<u>1,139,375</u>	<u>1,546,928</u>
Net assets		<u>13,216,979</u>	<u>14,137,437</u>
Equity			
Equity attributable to equity holders of the Company			
Share capital		986,598	986,598
Reserves		8,313,410	8,961,180
		<u>9,300,008</u>	<u>9,947,778</u>
Non-controlling interests		3,916,971	4,189,659
		<u>13,216,979</u>	<u>14,137,437</u>

Note:

1. BASIS OF PREPARATION

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

The unaudited financial information relating to the year ended 31 December 2022 and the financial information relating to the year ended 31 December 2021 included in this preliminary announcement of final results for the year ended 31 December 2022 does not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2021, 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 financial statements for the year ended 31 December 2022 have yet to be reported on by the Company’s auditor and will be delivered to the Registrar of Companies in due course.

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 the financial statements of the Group for the year ended 31 December 2021. 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 final results are consistent with those used in the Group’s audited financial statements for the year ended 31 December 2021, except for the adoption of the following revised HKFRSs for the first time for the current year’s final results:

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

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

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

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

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

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

3. SEGMENT INFORMATION

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

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

Year ended 31 December 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	84,338	-	4,250	12,095	560,256	-	16,834	-	677,773
Inter-segment	3,857	-	-	-	-	-	3,803	(7,660)	-
Total	88,195	-	4,250	12,095	560,256	-	20,637	(7,660)	677,773
Segment results	23,121	12,633	4,250	(101,920)	(110,714)	(1,823)	875	(309)	(173,887)
Unallocated corporate expenses									(144,045)
Finance costs									(48,113)
Share of results of associates	-	(79,650)	-	-	-	29,166	10,790	-	(39,694)
Share of results of joint ventures	550,340	(5)	-	-	(399)	-	-	-	549,936
Profit before tax									144,197
Segment assets	1,401,513	79,821	489,131	1,079,649	832,727	-	9,568	(4,567)	3,887,842
Interests in associates	7,180	280,469	-	-	-	473,843	349,989	-	1,111,481
Interests in joint ventures	10,461,478	332	-	41,773	34,795	-	-	-	10,538,378
Unallocated assets									54,076
Total assets									15,591,777
Segment liabilities	664,325	10,095	-	42,167	463,587	421,728	340,657	(1,003,780)	938,779
Unallocated liabilities									1,436,019
Total liabilities									2,374,798

	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
Other segment information:									
Capital expenditure <i>(Note)</i>	213	-	-	-	36,466	-	447	-	37,126
Depreciation	(19,024)	-	-	-	(102,154)	-	(392)	3,410	(118,160)
Interest income	60,834	-	4,250	1,255	1,691	-	192	-	68,222
Finance costs	(11,091)	-	-	(1,321)	(10,870)	-	(5)	137	(23,150)
Loss on disposal of fixed assets	-	-	-	-	(97)	-	-	-	(97)
Loss on deemed disposal of an associate	-	-	-	-	-	(45)	-	-	(45)
Write-back of provisions/(Provisions) for impairment losses on:									
A joint venture	-	-	-	-	-	-	(62)	-	(62)
Properties held for sale	1,018	-	-	-	-	-	-	-	1,018
Properties under development	-	(118)	-	-	-	-	-	-	(118)
Inventories	-	-	-	-	(1,868)	-	-	-	(1,868)
Loans and receivables	-	-	-	-	(153)	-	-	-	(153)
Fixed assets written off	-	-	-	-	(57)	-	-	-	(57)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	144	22,055	-	-	-	-	-	-	22,199
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	(106,111)	255	-	-	-	(105,856)
Net fair value loss on investment properties	(24,311)	-	-	-	-	-	-	-	(24,311)
Unallocated:									
Capital expenditure <i>(Note)</i>									1,066
Depreciation									(14,095)
Finance costs									(48,113)
Loss on disposal of fixed assets									(3)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations									(273)

Year ended 31 December 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	86,744	7,490	2,766	17,365	596,476	-	17,333	-	728,174
Inter-segment	3,857	-	-	-	-	-	10,674	(14,531)	-
Total	<u>90,601</u>	<u>7,490</u>	<u>2,766</u>	<u>17,365</u>	<u>596,476</u>	<u>-</u>	<u>28,007</u>	<u>(14,531)</u>	<u>728,174</u>
Segment results	<u>34,338</u>	<u>(5,416)</u>	<u>2,766</u>	<u>214,515</u>	<u>(66,578)</u>	<u>(1,908)</u>	<u>(8,852)</u>	<u>(199)</u>	<u>168,666</u>
Unallocated corporate expenses									(176,815)
Finance costs									(34,063)
Share of results of associates	-	18,473	-	-	-	25,425	24,805	-	68,703
Share of results of joint ventures	631,755	1,257	-	-	(396)	-	-	-	632,616
Profit before tax									<u>659,107</u>
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									<u>16,596,608</u>
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									<u>2,459,171</u>

	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
Other segment information:									
Capital expenditure <i>(Note)</i>	156	-	-	-	38,607	-	1,428	-	40,191
Depreciation	(19,115)	-	-	-	(90,869)	-	(499)	3,410	(107,073)
Interest income	61,931	-	2,766	-	1,953	-	373	-	67,023
Finance costs	(12,098)	-	-	-	(11,117)	-	(930)	248	(23,897)
Gain/(Loss) on disposal of:									
Subsidiaries	-	-	-	(3,884)	13,442	-	561	-	10,119
Fixed assets	-	(30)	-	-	150	-	(15)	-	105
Associates	-	-	-	-	-	-	(1,492)	-	(1,492)
Gain on derecognition of an associate	-	-	-	-	-	-	4,788	-	4,788
Write-back of provisions/(Provisions) for impairment losses on:									
Fixed assets	-	-	-	-	428	-	-	-	428
Joint ventures	-	-	-	-	-	(63)	(323)	-	(386)
Properties held for sale	777	-	-	-	-	-	-	-	777
Properties under development	-	(134)	-	-	-	-	-	-	(134)
Inventories	-	-	-	-	(2,608)	-	-	-	(2,608)
Loans and receivables	-	-	-	-	457	-	-	-	457
Fixed assets written off	-	-	-	-	(2,643)	-	-	-	(2,643)
Net fair value gain on financial instruments at fair value through profit or loss	-	-	-	219,314	8,097	-	-	-	227,411
Net fair value loss on investment properties	(12,720)	-	-	-	-	-	-	-	(12,720)
Unallocated:									
Capital expenditure <i>(Note)</i>									660
Depreciation									(15,950)
Finance costs									(34,063)
Loss on disposal of fixed assets									(6)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations									(155)

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

Geographical information

(a) Revenue from external customers

	2022 HK\$'000	2021 HK\$'000
Hong Kong	195,116	236,849
Mainland China	14,067	20,880
Republic of Singapore	445,655	447,806
Malaysia	2,527	1,006
Indonesia	11,088	11,278
Other	9,320	10,355
	<u>677,773</u>	<u>728,174</u>

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

(b) Non-current assets

	2022 HK\$'000	2021 HK\$'000
Hong Kong	1,101,740	1,135,844
Mainland China	237,847	274,358
Republic of Singapore	11,594,594	11,956,661
Malaysia	334,169	358,895
Indonesia	223,359	221,766
Other	117,811	124,303
	<u>13,609,520</u>	<u>14,071,827</u>

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

Information about a major customer

Revenue of approximately HK\$91,801,000 for the year ended 31 December 2022 (2021 — HK\$96,527,000) was derived from sales by the food businesses segment to a single customer.

4. REVENUE

An analysis of revenue is as follows:

	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers:		
Sale of properties	-	3,969
Sale of goods and fast-moving consumer products	266,461	285,731
Sale of food and beverage	291,065	307,427
Provision of management services	15,808	16,742
	<u>573,334</u>	<u>613,869</u>
Revenue from other sources:		
Property rental income from operating leases:		
Variable lease payments that do not depend on an index or a rate	522	-
Other lease payments, including fixed payments	22,982	24,813
	<u>23,504</u>	<u>24,813</u>
Interest income	68,222	66,905
Dividend income	10,840	17,365
Other	1,873	5,222
	<u>677,773</u>	<u>728,174</u>

Revenue from contracts with customers Disaggregated revenue information

Segments	Property development HK\$'000	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Year ended 31 December 2022				
Types of goods or services:				
Sale of goods and fast-moving consumer products	-	266,461	-	266,461
Sale of food and beverage	-	291,065	-	291,065
Provision of management services	-	-	15,808	15,808
	<u>-</u>	<u>557,526</u>	<u>15,808</u>	<u>573,334</u>
Total revenue from contracts with customers	<u>-</u>	<u>557,526</u>	<u>15,808</u>	<u>573,334</u>
Geographical markets:				
Hong Kong	-	169,461	10,599	180,060
Mainland China	-	-	2,258	2,258
Republic of Singapore	-	386,168	2,951	389,119
Malaysia	-	1,897	-	1,897
	<u>-</u>	<u>557,526</u>	<u>15,808</u>	<u>573,334</u>
Total revenue from contracts with customers	<u>-</u>	<u>557,526</u>	<u>15,808</u>	<u>573,334</u>
Timing of revenue recognition:				
Goods transferred at a point in time	-	557,526	-	557,526
Services transferred over time	-	-	15,808	15,808
	<u>-</u>	<u>557,526</u>	<u>15,808</u>	<u>573,334</u>
Total revenue from contracts with customers	<u>-</u>	<u>557,526</u>	<u>15,808</u>	<u>573,334</u>

Segments	Property development HK\$'000	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Year ended 31 December 2021				
Types of goods or services:				
Sale of properties	3,969	-	-	3,969
Sale of goods and fast-moving consumer products	-	285,731	-	285,731
Sale of food and beverage	-	307,427	-	307,427
Provision of management services	-	-	16,742	16,742
Total revenue from contracts with customers	<u>3,969</u>	<u>593,158</u>	<u>16,742</u>	<u>613,869</u>
Geographical markets:				
Hong Kong	-	205,024	10,729	215,753
Mainland China	3,969	-	1,824	5,793
Republic of Singapore	-	387,891	4,189	392,080
Malaysia	-	243	-	243
Total revenue from contracts with customers	<u>3,969</u>	<u>593,158</u>	<u>16,742</u>	<u>613,869</u>
Timing of revenue recognition:				
Goods transferred at a point in time	3,969	593,158	-	597,127
Services transferred over time	-	-	16,742	16,742
Total revenue from contracts with customers	<u>3,969</u>	<u>593,158</u>	<u>16,742</u>	<u>613,869</u>

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
Year ended 31 December 2022				
Revenue from contracts with customers				
External customers	-	557,526	15,808	573,334
Inter-segment	-	-	3,803	3,803
Total revenue from contracts with customers	-	557,526	19,611	577,137
Revenue from other sources — external	-	2,730	1,026	3,756
Total segment revenue	<u>-</u>	<u>560,256</u>	<u>20,637</u>	<u>580,893</u>
Year ended 31 December 2021				
Revenue from contracts with customers				
External customers	3,969	593,158	16,742	613,869
Inter-segment	-	-	10,674	10,674
Total revenue from contracts with customers	3,969	593,158	27,416	624,543
Revenue from other sources — external	3,521	3,318	591	7,430
Total segment revenue	<u>7,490</u>	<u>596,476</u>	<u>28,007</u>	<u>631,973</u>

5. OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Government grants (<i>Note</i>)	16,483	12,037
Interest income from promissory note	-	118
	<u>16,483</u>	<u>12,155</u>

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.

6. OTHER GAINS/(LOSSES) — NET

	2022 HK\$'000	2021 HK\$'000
Gain/(Loss) on disposal of:		
Subsidiaries	-	10,119
Fixed assets	(100)	99
Associates	-	(1,492)
Loss on deemed disposal of an associate	(45)	-
Gain on derecognition of an associate	-	4,788
Write-back of provisions/(Provisions) for impairment losses on:		
Fixed assets	-	428
Joint ventures	(62)	(386)
Properties held for sale	1,018	777
Properties under development	(118)	(134)
Inventories	(1,868)	(2,608)
Loans and receivables	(153)	457
Fixed assets written off	(57)	(2,643)
Foreign exchange losses — net	(6,784)	(14,529)
Realised translation gains/(losses) reclassified to the statement of profit or loss relating to liquidation of foreign operations	21,926	(155)
	<u>13,757</u>	<u>(5,279)</u>

7. PROFIT BEFORE TAX

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

	2022 HK\$'000	2021 HK\$'000
Cost of sales:		
Cost of properties sold	-	(2,158)
Cost of inventories sold	(288,821)	(314,326)
Other	(3,859)	(4,418)
	<u>(292,680)</u>	<u>(320,902)</u>
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	(90,938)	50,586
Debt securities	(1,874)	3,098
Investment funds	(9,981)	159,787
Equity linked notes	-	437
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	3,669
Derivative financial instruments	(3,063)	9,834
	<u>(105,856)</u>	<u>227,411</u>
Interest income:		
Loans and advances	62,666	64,086
Financial assets at fair value through profit or loss	1,255	-
Promissory note	-	118
Other	4,301	2,819
Depreciation of fixed assets	(75,580)	(67,926)
Depreciation of right-of-use assets	(56,675)	(55,097)
Selling and distribution expenses [#]	(41,800)	(31,914)
Legal and professional fees [#]	(21,796)	(30,178)
Consultancy and service fees [#]	(16,794)	(26,041)
Utilities charges [#]	(12,603)	(12,195)
Repairs and maintenance expenses [#]	(7,892)	(10,792)

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

8. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures for the year ended 31 December 2022 mainly included share of profit of Lippo ASM Asia Property Limited ("LAAPL", together with its subsidiaries, the "LAAPL Group") of HK\$554,277,000 (2021 — HK\$636,166,000). The change was mainly attributable to lower profit contribution from its equity-accounted investees for the year ended 31 December 2022.

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

9. INCOME TAX

	2022 HK\$'000	2021 HK\$'000
Hong Kong:		
Charge for the year	4,811	4,737
Overprovision in prior years	(37)	(41)
Deferred	97	(502)
	<u>4,871</u>	<u>4,194</u>
Mainland China and overseas:		
Charge for the year	3,918	2,434
Overprovision in prior years	(1,749)	(18,633)
Deferred:		
Current year	(6,954)	(3,501)
Effect of change in tax rate	-	(1,259)
	<u>(4,785)</u>	<u>(20,959)</u>
Total charge/(credit) for the year	<u>86</u>	<u>(16,765)</u>

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

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 year 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 year.

(b) Diluted earnings per share

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

11. DIVIDEND

	2022 HK\$'000	2021 HK\$'000
Final dividend, proposed — Nil (2021 — HK4 cents per ordinary share)	<u>-</u>	<u>19,726</u>

12. INTERESTS IN JOINT VENTURES

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

13. 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:

	2022 HK\$'000	2021 HK\$'000
Outstanding balances with ages:		
Within 30 days	28,210	23,928
Between 31 and 60 days	19,105	14,762
Between 61 and 90 days	12,155	9,820
Over 90 days	582	1,497
	<u>60,052</u>	<u>50,007</u>

14. CREDITORS, ACCRUALS AND OTHER LIABILITIES

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

	2022 HK\$'000	2021 HK\$'000
Outstanding balances with ages:		
Within 30 days	32,617	29,985
Between 31 and 60 days	10,601	6,670
Between 61 and 90 days	460	699
Over 90 days	1,642	1,248
	<u>45,320</u>	<u>38,602</u>

BUSINESS REVIEW

Overview

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

Results for the Year

Against this backdrop, the Group recorded a consolidated profit attributable to shareholders of HK\$125 million for the Year, as compared to a consolidated profit of HK\$500 million for the year ended 31 December 2021 (“2021”). The decrease in profit was mainly attributable to net fair value loss on financial instruments at fair value through profit or loss of the Group during the Year while a net fair value gain was recorded in 2021, decrease in share of profit of joint ventures and the share of loss of associates of the Group for the Year as compared with a share of profit for 2021.

Total revenue for the Year decreased to HK\$678 million (2021 — HK\$728 million), of which 66% (2021 — 61%) and 29% (2021 — 33%) were generated from Singapore and Hong Kong, respectively. Food businesses remained the principal sources of revenue of the Group, contributing to 83% (2021 — 82%) of total revenue for the Year but registered a 6% decrease as such businesses continued to be affected by Pandemic’s containment measures, especially in Hong Kong, during the Year.

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\$159 million for the Year (2021 — HK\$174 million).

Property investment

The total segment revenue from the property investment business for the Year amounted to HK\$88 million (2021 — HK\$91 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 mainly comprises commercial properties in Hong Kong and mainland China. The property market sentiments in these regions were sluggish during the Year. The Group recorded fair value loss on investment properties of HK\$24 million for the Year (2021 — HK\$13 million). Segment profit before accounting for the share of results from the Group’s joint ventures amounted to HK\$23 million for the Year (2021 — HK\$34 million).

Lippo ASM Asia Property Limited (“LAAPL”, together with its subsidiaries, the “LAAPL Group”), a principal joint venture of the Group, is the vehicle holding a controlling stake in OUE Limited (“OUE”, together with its subsidiaries, the “OUE Group”), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The OUE Group is a leading pan-Asian, full service real estate development, investment and management conglomerate with assets across the commercial, hospitality, retail, residential, healthcare and consumer sectors. As at 31 December 2022, the LAAPL Group had an equity interest of approximately 73.0% in OUE.

OUE Commercial Real Estate Investment Trust (“OUE C-REIT”), a subsidiary of OUE, is one of the largest diversified REITs listed on the SGX-ST. The property portfolio of OUE C-REIT includes OUE Bayfront, One Raffles Place, OUE Downtown Office, Hilton Singapore Orchard, the adjoining Mandarin Gallery and Crowne Plaza Changi Airport in Singapore as well as Lippo Plaza in Shanghai, the People’s Republic of China (the “PRC”). The LAAPL Group had an aggregate of approximately 49.3% interest in OUE C-REIT as at 31 December 2022.

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

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

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

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

Property development

The sale of the remaining properties at Lippo Plaza in Beijing, the PRC remained stagnant during the Year due to the renewed lockdowns and gloomy local property market. The segment recorded a revenue of HK\$7 million in 2021. The dissolution of a joint venture which was previously engaged in property development project in Singapore was completed during the Year. The accumulated translation gain of HK\$22 million in the exchange equalisation reserve was released to the statement of profit or loss accordingly. As a result, the segment recorded a profit of HK\$13 million for the Year (2021 — loss of HK\$5 million) before accounting for the share of results from the Group's associates and joint ventures.

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

Food businesses

The Group's food businesses segment recorded a revenue of HK\$560 million (2021 — HK\$596 million), mainly from food retail operations in chains of cafés and bistros and food manufacturing. The performance of the food retail business in Singapore was satisfactory after the relaxation of containment measures and border restrictions in Singapore since end of March 2022. The operating environment of the food retail business in Hong Kong was difficult as stringent social distancing measures were imposed during most of the Year with consumer spending gradually picking up after the lifting of most of the dine-in restrictions and social gatherings in late December 2022. The Group's food manufacturing business was also impacted by operational challenges, input cost pressures arising from the global inflationary environment and challenges expanding into the Malaysian market. The operating environment of the food businesses of the Group as a whole remains difficult and challenging due to intense competition, manpower shortages, high operation cost and uncertainty in economic outlook. As a result, the segment loss increased to HK\$111 million for the Year (2021 — HK\$67 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 such as "Chatterbox Café", "Chatterbox Express", "Délifrance", "alfafa" and "Lippo Chiuchow Restaurant". To improve its competitiveness, the Group is undertaking a rebranding exercise for "Délifrance". A new concept store "Délifrance Bistro" was recently opened in March 2023 and is well received. The Group would further expand the brand "Chatterbox" by opening two new outlets in 2023.

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\$16 million for the Year (2021 — HK\$20 million). The global stock markets and bond markets were very volatile and suffered losses during the Year. The Group recorded a net fair value loss of HK\$106 million in the statement of profit or loss from its securities investments for the Year as compared with a gain of HK\$219 million in 2021 under this segment. As a result, the treasury and securities investments businesses recorded a net loss of HK\$98 million in the statement of profit or loss for the Year (2021 — profit of HK\$217 million).

During the Year, the Group reduced the size of its investment portfolio in response to the high volatility of the markets. As at 31 December 2022, the treasury and securities investments portfolio of HK\$1,568 million (31 December 2021 — HK\$2,115 million) comprised mainly cash and bank balances of HK\$700 million (31 December 2021 — HK\$887 million), financial assets at fair value through profit or loss ("FVPL") of HK\$788 million (31 December 2021 — HK\$1,143 million) and financial assets at fair value through other comprehensive income ("FVOCI") of HK\$73 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 31 December 2022, the Group's financial assets at FVPL amounted to HK\$788 million (31 December 2021 — HK\$1,143 million), comprising equity securities of HK\$235 million (31 December 2021 — HK\$459 million), debt securities of HK\$44 million (31 December 2021 — HK\$57 million) and investment funds of HK\$509 million (31 December 2021 — HK\$627 million).

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

	As at 31 December 2022		As at 31 December 2021		Year ended 31 December 2022
	Fair value HK\$'000	Approximate percentage of financial assets at FVPL	Approximate percentage to the total assets	Fair value HK\$'000	Net fair value loss HK\$'000
GSH Corporation Limited ("GSH")	72,918	9.3%	0.5%	78,649	(5,731)
Amasia CIV T, L.P. ("Amasia")	56,111	7.1%	0.4%	55,967	(12)
Quantedge Global Fund ("Quantedge")	49,860	6.3%	0.3%	84,838	(16,234)
Others (Note)	609,097	77.3%	3.9%	923,776	(80,816)
Total	787,986	100.0%	5.1%	1,143,230	(102,793)

Note: Others comprised of various securities, none of which accounted for more than 5% of financial assets at FVPL as at 31 December 2022.

GSH

As at 31 December 2022, the fair value of the Group's equity securities in GSH amounted to HK\$73 million, representing approximately 9.3% and 0.5% of the Group's total financial assets at FVPL and total assets, respectively. An unrealised fair value loss of HK\$6 million was recognised by the Group for the Year. The Group also invested in the listed convertible bonds issued by GSH. As at 31 December 2022, the fair value of the Group's debt securities in GSH amounted to HK\$18 million, representing approximately 2.3% and 0.1% of the Group's total financial assets at FVPL and total assets, respectively.

GSH, having its shares listed on the Mainboard of 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 ease of movement control restrictions since the second quarter of 2022, GSH's hospitality business had a strong recovery. The reopening of mainland China and tourist arrivals may foster a positive effect on GSH's operating environment.

Amasia

Amasia is a single portfolio fund, consisting of only one company namely Dialpad, Inc. ("Dialpad"), which was founded in 2011 and has its headquarters in the U.S. Dialpad offers a suite of business communication software, including PBX in the cloud as well as conference calling solution. The Group invested US\$2 million into Amasia in year 2015 for long-term capital gain. As at 31 December 2022, the fair value of the Group's investment in Amasia maintained at HK\$56 million, representing approximately 7.1% and 0.4% of the Group's total financial assets at FVPL and total assets, respectively. The Group reported a fair value loss of HK\$0.01 million for the Year.

Quantedge

As at 31 December 2022, the fair value of the Group's investment in Quantedge amounted to HK\$50 million, representing approximately 6.3% and 0.3% 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 partially redeemed HK\$19 million of the investment during the Year in order to realise part of the gain accumulated since initial investment. As the prices of all major asset classes were down during the Year, the Group recognised a fair value loss of HK\$16 million for the Year.

Financial assets at fair value through other comprehensive income

In addition to the above investments under financial assets at FVPL, the Group also invested in equity securities which are held for long term strategic purposes and recorded them under financial assets at FVOCI. As at 31 December 2022, the fair value of such investments amounted to HK\$73 million (31 December 2021 — HK\$79 million). GenieBiome Holdings Limited ("GB") is one of the major investments in this category. As at 31 December 2022, the fair value of the Group's investment in GB amounted to HK\$19 million, representing approximately 26.1% and 0.1% of the Group's total financial assets at FVOCI and total assets as at 31 December 2022, respectively. In 2021, the Group made an investment in GB, a biotech company established by a team of internationally renowned university professors of medicine and clinician-scientists in Hong Kong. GB pioneers the use of novel microbes as diagnostic markers and potential remedies for different diseases, and has positioned itself to be a leading force in the development of new diagnostics and therapeutics based on the gut microbiome. GB has a pipeline of new products to be launched in market as well as continuing its research and development and patent filing using microbes for diagnostic and therapeutic purposes. The Group recorded an unrealised fair value gain of HK\$3 million through other comprehensive income for the Year.

Healthcare services

The Group's healthcare services business is mainly carried out through its investments in Healthway Medical Corporation Limited ("Healthway", together with its subsidiaries, the "Healthway Group"), a 40.8% owned associate of the Company. Healthway is a company listed on the Catalist Board of the SGX-ST and has a wide network of over 100 clinics and medical centres in Singapore, offering comprehensive services including general practitioner and family medicine clinics, health screening, adult specialists, baby and child specialists, dental services and allied healthcare services.

The Healthway Group continued to perform well and registered an increase in profit for the Year and the Group recognised a higher share of profit of HK\$29 million (2021 — HK\$25 million) for the Year accordingly. Since the easing of community and border measures of the Pandemic rules by Singapore government during the Year, there was an increase in patient volume in the primary healthcare segment. The specialist healthcare segment also saw an increase in revenue mainly due to an increase in foreign traffic with the easing of the cross border measures, new clinics set up and businesses acquired. During the Year, the Healthway Group expanded its network by opening new Nobel medical specialist clinics with practices in cardiology, ophthalmology, paediatric surgery, endocrinologist, psychiatry and acquiring new brands like Straits Podiatry, Ten Surgery Group, Amazing Speech Therapy, HeadStart for Life and TeleHope Speech Therapy. It also opened its third health screening centre in November 2022. As at 31 December 2022, the Group's interest in Healthway amounted to HK\$474 million (31 December 2021 — HK\$443 million).

Moving forward, the Healthway Group will focus on supporting the national Healthier SG initiative scheduled to be rolled out in mid-2023 to empower Singaporeans to take charge of their health and keep chronic illnesses at bay. The Healthway Group stands committed to fortify its patient-centric healthcare system to cater to evolving healthcare demands. As the demand for pre-elective surgeries resurges due to the reopening of borders, the Healthway Group will also continue to expand and strengthen its specialist healthcare segment to provide quality healthcare services in more disciplines.

Other business

The Group recorded a share of profit of HK\$10 million from its investment in TIH Limited ("TIH", together with its subsidiaries, the "TIH Group"), a 39.9% owned associate of the Company and listed on the Mainboard of the SGX-ST for the Year (2021 — HK\$25 million). The Group's interests in TIH as at 31 December 2022 amounted to HK\$298 million (31 December 2021 — HK\$291 million).

The TIH Group currently has two business segments, that is, investment business and fund management. The TIH Group's income is mostly derived from the realisation and/or revaluation of its investments and fee income. 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. As economic headwinds slowed growth in 2022 and valuations also declined, venture capital firms have held back on deploying capital, leading to a decline in private equity deals in investments. TIH will continue to monitor the market for investment opportunities, capitalising on its expertise and experiences in cross-border private equity transactions. 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 or advising third party investment funds. Higher contribution from fund management business was recorded by TIH for the Year.

Financial Position

The Group's financial position remained healthy. As at 31 December 2022, its total assets amounted to HK\$15.6 billion (31 December 2021 — HK\$16.6 billion). Property-related assets amounted to HK\$12.2 billion as at 31 December 2022 (31 December 2021 — HK\$12.7 billion), representing 78% (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 31 December 2022, total cash and cash equivalents and time deposits amounted to HK\$0.9 billion (31 December 2021 — HK\$1.0 billion). Current ratio as at 31 December 2022 was 1.1 (31 December 2021 — 1.9).

As at 31 December 2022, bank and other borrowings of the Group reduced to HK\$1,798 million (31 December 2021 — HK\$1,820 million), which included bank borrowings of HK\$1,717 million (31 December 2021 — HK\$1,720 million) and other loans of HK\$81 million (31 December 2021 — HK\$100 million).

As at 31 December 2022, bank borrowings comprised secured bank loans of HK\$1,261 million (31 December 2021 — HK\$1,447 million) and unsecured bank loans of HK\$456 million (31 December 2021 — HK\$273 million). The Group's bank borrowings were denominated in Hong Kong dollars, Singapore dollars and Malaysian ringgits and secured by fixed and floating charges on certain properties and assets of certain subsidiaries and shares in certain subsidiaries of the Group. As at 31 December 2022, all the Group's bank borrowings carried interest at floating rates. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure.

As at 31 December 2021, approximately 3% of the Group's bank borrowings effectively carried fixed rate of interest and the remaining were at floating rates.

As at 31 December 2022, other loans comprised secured portion of HK\$11 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 loan was a fixed rate loan from a third party and was secured by certain financial assets of the Group. The unsecured other loan was a fixed rate loan from a holding company of the Company.

As at 31 December 2022, approximately 45% (31 December 2021 — 24%) of the bank and other borrowings were repayable within one year. As at 31 December 2022, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 14.9% (31 December 2021 — 14.2%).

The net asset value attributable to equity holders of the Company decreased to HK\$9.3 billion as at 31 December 2022 (31 December 2021 — HK\$9.9 billion), which was mainly attributable to the share of reduction in reserves of the LAAPL Group offset with net profit for the Year. This was equivalent to HK\$18.9 per share as at 31 December 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 31 December 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 certain assets of the Group. The amounts as at 31 December 2021 were also secured by corporate guarantees from the shareholders of a subsidiary. Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Year (31 December 2021 — Nil).

Total capital commitment of the Group as at 31 December 2022 amounted to HK\$121 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 783 full-time employees as at 31 December 2022 (31 December 2021 — 830 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Year amounted to HK\$311 million (2021 — HK\$348 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

PROSPECTS

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

DIVIDENDS

The Directors have resolved not to recommend payment of any final dividend for the year ended 31 December 2022 (2021 — HK4 cents per share, approximately HK\$19.7 million). No interim dividend was declared for the year ended 31 December 2022 (2021 — Nil).

CLOSURE OF REGISTER OF MEMBERS

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

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

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

CORPORATE GOVERNANCE

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

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

AUDIT COMMITTEE

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise two independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman) 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 and has reviewed and agreed with the consolidated financial statements of the Group for the year ended 31 December 2022.

AUDITOR'S PROCEDURES ON THIS PRELIMINARY ANNOUNCEMENT

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

By Order of the Board
LIPPO LIMITED
John Luen Wai Lee
Managing Director and Chief Executive Officer

Hong Kong, 30 March 2023

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