



**Hongkong Chinese Limited**  
**香港華人有限公司\***

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

**2022**  
**ANNUAL REPORT**



*\* For identification purpose only*

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-executive Director

Mr. Leon Nim Leung Chan

### Independent non-executive Directors

Mr. King Fai Tsui  
Mr. Edwin Neo  
Ms. Min Yen Goh

## COMMITTEES

### Audit Committee

Mr. King Fai Tsui (*Chairman*)  
Mr. Leon Nim Leung Chan  
Mr. Edwin Neo

### Remuneration Committee

Mr. King Fai Tsui (*Chairman*)  
Dr. Stephen Riady  
Mr. Leon Nim Leung Chan  
Mr. Edwin Neo  
Ms. Min Yen Goh

### Nomination Committee

Mr. King Fai Tsui (*Chairman*)  
Dr. Stephen Riady  
Mr. Leon Nim Leung Chan  
Mr. Edwin Neo  
Ms. Min Yen Goh

## SECRETARY

Ms. Millie Yuen Fun Luk

## AUDITOR

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

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
China CITIC Bank International Limited

## SOLICITORS

Howse Williams

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## REGISTERED OFFICE

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS

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

## STOCK CODE

655

## WEBSITE

[www.hkchinese.com.hk](http://www.hkchinese.com.hk)

# Chairman's Statement

I am pleased to present the annual report of the Company (together with its subsidiaries, the "Group") for the year ended 31 December 2022 (the "Year").

2022 was a challenging year. It was turbulent for the global economy. Russia-Ukraine war, persistently high inflation, tightening monetary policies and supply-chain disruption have caused shock waves across the world. Notwithstanding the challenging landscape, the Group and its joint ventures were able to navigate through the adversities of the past year to tap on strategic opportunities to sustain growth and achieve a positive return. The Group recorded a consolidated profit attributable to shareholders of approximately HK\$489 million for the Year, as compared to a consolidated profit of approximately HK\$670 million for the year ended 31 December 2021.

The gradual lifting of travel restrictions and the reopening of borders worldwide saw an improving operating environment and a strong return of international tourism in Singapore. OUE Limited ("OUE", together with its subsidiaries, the "OUE Group"), a principal joint venture of the Company, with its resilient and diversified businesses across the real estate, healthcare and consumer segments, was able to tap on the recovery, resulting in higher growth for the Year.

After a major makeover and re-branding, Hilton Singapore Orchard has transformed from former Mandarin Orchard Singapore into Hilton brand's flagship hotel in Singapore and the largest Hilton hotel in Asia Pacific. The hotel refreshed and renewed its full inventory of 1,080 rooms and suites in operation, and is now well positioned to capture the increasing demand from international business and leisure travellers, as well as the resumption of meetings, incentives, conventions and exhibitions activities.

The OUE Group further strengthened its healthcare business. OUE, together with its healthcare subsidiary, OUE Lippo Healthcare Limited ("OUELH"), formed a medical partnership with three medical specialist groups in Singapore which included two leading respiratory specialist practices and an established cardiothoracic surgery practice. This marked a significant milestone in its pursuit of building a healthcare business ecosystem anchored on Singapore's best medical practices to drive regional growth. Another subsidiary of the OUE Group, First Real Estate Investment Trust ("First REIT"), embarked on its next phase of growth to become Asia's premier healthcare trust. First REIT took its first step to diversify into developed markets with the acquisition of 12 well-established nursing homes in Japan from OUELH in March 2022 and two additional nursing homes from third parties in September 2022. This brings First REIT's portfolio in developed markets closing in on its goal to increase its portfolio size in developed markets to reduce its geographical concentration and enhance tenant diversification.

The challenging market environments in 2022 have continued into 2023. In March 2023, we saw the biggest bank failure in more than a decade. However, it is too early to know how widespread the damage is. The Group would continue to navigate new challenges in 2023 and would exercise prudence and maximise opportunities to create value for all our stakeholders.

I would like to extend my appreciation to Mr. Victor Ha Kuk Yung who resigned as an independent non-executive Director of the Company in December 2022 after serving the Board of Directors (the "Board") for many years. I would like to reiterate the Board's heartfelt thanks to Mr. Yung for his valuable service and contribution to the Group during his tenure of service.

## **Chairman's Statement** *(continued)*

I would like to take this opportunity to warmly welcome Ms. Min Yen Goh, our new independent non-executive Director. We are pleased to be benefitting from the new insights and diverse perspectives that Ms. Goh would bring to the Board.

I would also like to welcome Mr. Brian Riady for joining the Board as an executive Director and look forward to working closely with him.

Last but not least, I would like to express my heartfelt appreciation to our shareholders, fellow Directors, management and all staff for their contributions and continued support, especially during these challenging times.

**Stephen Riady**

*Chairman*

30 March 2023

# Report of the Directors

The Directors are pleased to present their report together with the audited financial statements for the year ended 31 December 2022 (the “Year”).

## BUSINESS REVIEW

### Overview

The global economy experienced a number of challenges during 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. 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. The Group and its joint ventures were able to weather through the challenging operating environment during the Year and captured strategic opportunities arising from the recovering operating conditions.

### Results for the Year

Against this backdrop, the Group recorded a consolidated profit attributable to shareholders of HK\$489 million for the Year, as compared to a consolidated profit of HK\$670 million for the year ended 31 December 2021 (“2021”). The decrease in profit was largely attributable to the decrease in share of profit of joint ventures which was mainly attributable to lower profit contribution from a joint venture’s equity-accounted investees and the share of loss of associates of the Group for the Year as compared with a share of profit for 2021.

Revenue for the Year amounted to HK\$72 million (2021 — HK\$81 million). Property investment and development businesses contributed to 96% (2021 — 95%) of total revenue for the Year.

The Group’s other operating expenses mainly included legal and professional fees and consultancy and service fees. Other operating expenses amounted to HK\$20 million for the Year (2021 — HK\$19 million).

### *Property investment*

Segment revenue from the property investment business was mainly attributable to recurrent rental income from the Group’s investment properties and interest income from the loans to joint ventures of the Group. Segment revenue for the Year amounted to HK\$69 million (2021 — HK\$70 million). Segment profit before accounting for the share of results from the Group’s joint ventures amounted to HK\$47 million for the Year (2021 — HK\$48 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.

## Report of the Directors *(continued)*

### BUSINESS REVIEW *(continued)*

#### Results for the Year *(continued)*

##### Property Investment *(continued)*

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 (“OUELH”), a subsidiary of OUE listed on the sponsor-supervised listing platform 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 OUELH. In June 2022, a joint venture, in which the OUELH 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 OUELH 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 OUELH Group’s joint venture with the China Merchants Group.

In March 2022, the OUELH 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 OUELH Group’s direct interest in First REIT and the consolidation of First REIT as a subsidiary of the OUELH 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 OUELH Group) had an approximately 44.2% interest in First REIT.

## Report of the Directors *(continued)*

### BUSINESS REVIEW *(continued)*

#### Results for the Year *(continued)*

##### *Property Investment (continued)*

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\$17 million for the Year (2021 — loss of HK\$0.5 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.

##### *Treasury and securities investments*

The Group managed its investment portfolio and looked for opportunities to enhance yields. Total revenue from treasury and securities investments businesses for the Year amounted to HK\$1 million (2021 — HK\$1 million). The performance of the equity markets was unsatisfactory during the Year. The Group recorded a net fair value loss of HK\$2 million in the statement of profit or loss from its securities investments for the Year as compared with a gain of HK\$1 million in 2021 under this segment. As a result, the treasury and securities investments businesses recorded a net loss of HK\$0.5 million for the Year (2021 — a profit of HK\$2 million).

#### Financial Position

The Group's financial position remained healthy. As at 31 December 2022, its total assets amounted to HK\$11.2 billion (31 December 2021 — HK\$11.6 billion). Property-related assets amounted to HK\$11.0 billion as at 31 December 2022 (2021 — HK\$11.4 billion), representing 98% (31 December 2021 — 99%) of total assets. Total liabilities as at 31 December 2022 amounted to HK\$523 million (31 December 2021 — HK\$349 million). Total cash and cash equivalents as at 31 December 2022 amounted to HK\$207 million (31 December 2021 — HK\$122 million). Current ratio as at 31 December 2022 amounted to 5.7 (31 December 2021 — 4.0).

As at 31 December 2022, the Group's bank loans amounted to HK\$456 million (31 December 2021 — HK\$273 million). The bank loans were denominated in Hong Kong dollars and carried interest at floating rate. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 31 December 2022, all the bank loans were repayable after two years (31 December 2021 — three years). The gearing ratio (measured as total borrowings to equity attributable to equity holders of the Company) was 4.3% as at 31 December 2022 (31 December 2021 — 2.4%).

# Report of the Directors *(continued)*

## **BUSINESS REVIEW** *(continued)*

### **Financial Position** *(continued)*

The net asset value attributable to equity holders of the Company decreased to HK\$10.7 billion as at 31 December 2022 (31 December 2021 — HK\$11.2 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\$5.3 per share (31 December 2021 — HK\$5.6 per share).

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

The Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Year (31 December 2021 — Nil).

The Group's investments or capital assets will be financed by its internal resources and/or external bank financing, as appropriate. As at 31 December 2022, the Group's total capital commitment amounted to HK\$0.4 million (31 December 2021 — Nil).

### **Staff and Remuneration**

The Group had 41 full-time employees as at 31 December 2022 (31 December 2021 — 41 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Year amounted to HK\$22 million (2021 — HK\$27 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 joint ventures will continue to exercise prudent capital management in their operations.

## **BUSINESS STRATEGY**

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

## Report of the Directors *(continued)*

### PRINCIPAL ACTIVITIES

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

The activities and other particulars of the principal subsidiaries, principal associates and principal joint ventures are set out in the financial statements on pages 142 to 144, page 145 and page 146, respectively.

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

### RESULTS AND DIVIDENDS

The results of the Group for the Year and the financial position of the Group and the Company as at 31 December 2022 are set out in the financial statements on pages 64 to 146.

An interim dividend of HK1 cent per share for the Year (2021 — Nil) was paid in October 2022. The Directors have resolved not to recommend the payment of any final dividend for the Year (2021 — HK1.25 cents per share, approximately HK\$25 million). Total dividends for the Year would be HK1 cent per share (2021 — HK1.25 cents per share) which amounted to approximately HK\$20 million (2021 — approximately HK\$25 million).

### SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial period/years is set out on page 149.

### SHARE CAPITAL

Details of the share capital of the Company are set out in Note 27 to the financial statements.

### DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company are set out in Note 37 to the financial statements.

### INVESTMENT PROPERTIES

Details of movements in the investment properties during the Year are set out in Note 16 to the financial statements.

### DONATIONS

During the Year, the Group made charitable and other donations of HK\$780,000 (2021 — HK\$777,000).

# Report of the Directors *(continued)*

## DIRECTORS

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

### Executive Directors

Dr. Stephen Riady (*Chairman*)

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

Mr. Brian Riady (appointed on 30 March 2023)

### Non-executive Director

Mr. Leon Nim Leung Chan

### Independent non-executive Directors

Mr. King Fai Tsui

Mr. Edwin Neo

Ms. Min Yen Goh (appointed on 30 December 2022)

Mr. Victor Ha Kuk Yung (resigned on 30 December 2022)

In accordance with Bye-law 83(2) of the Company's Bye-laws (the "Bye-laws"), Ms. Min Yen Goh and Mr. Brian Riady will retire from office and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Bye-law 84 of the Company's Bye-laws, Mr. King Fai Tsui and Dr. Stephen Riady will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Each of Messrs. Leon Nim Leung Chan and Edwin Neo entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1 January 2022. Following the expiry of the term under their respective former letter agreements with the Company, (a) each of Messrs. Victor Ha Kuk Yung and King Fai Tsui entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30 September 2022; and (b) each of Dr. Stephen Riady and Mr. John Luen Wai Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1 January 2023. Ms. Min Yen Goh entered into a letter agreement with the Company for her appointment as a Director of the Company for a term of two years commencing from 30 December 2022. Following the resignation of Mr. Victor Ha Kuk Yung as a Director of the Company on 30 December 2022, his letter agreement with the Company was terminated accordingly. Mr. Brian Riady entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30 March 2023. All the above letter agreements are terminable by either party by giving three months' prior written notice. The term of office of the Directors is also subject to the provisions of the Bye-laws. In accordance with the Bye-laws, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting and their re-election is subject to a vote of shareholders. Every Director is also subject to retirement at least once every three years.

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

## Report of the Directors *(continued)*

### DIRECTORS *(continued)*

None of the Directors of the Company proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

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

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

### BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Dr. Stephen Riady** (former name: Stephen Tjondro Riady), aged 62, was appointed a Director of the Company in September 1992 and is the Chairman of the board of directors of the Company. Dr. Riady is also an executive director and the Chairman of the board of directors of Lippo Limited ("Lippo") and Lippo China Resources Limited ("LCR"), both are public listed companies in Hong Kong. He has been the Executive President of each of the Company, Lippo and LCR since January 2015. He is a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and LCR. Dr. Riady also holds directorships in certain subsidiaries of the Company, Lippo and LCR. He is the Executive Chairman and Group Chief Executive Officer of OUE Limited ("OUE"), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). He is a non-executive non-independent director of Healthway Medical Corporation Limited, a company listed on the sponsor-supervised listing platform of the SGX-ST. Dr. Riady is a director of Lippo Capital Group Limited, Lippo Capital Holdings Company Limited and Lippo Capital Limited which, together with Lippo, have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance (the "SFO"). Dr. Riady is a graduate of the University of Southern California, United States of America and holds a Master of Business Administration from Golden Gate University, United States of America and an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom. He is one of the first Honorary University Fellows installed by the Hong Kong Baptist University in September 2006. Dr. Riady is the father of Mr. Brian Riady who is an executive Director of each of the Company, Lippo and LCR and a director of certain subsidiaries of LCR which in turn is a subsidiary of Lippo. Dr. Riady is the spouse of Madam Shincee Leonardi ("Madam Leonardi") and a brother of Mr. James Tjahaja Riady ("Mr. James Riady"). Madam Aileen Hambali ("Madam Hambali") is the spouse of Mr. James Riady. Interests of Madam Leonardi, Mr. James Riady and Madam Hambali in the Company are disclosed in the section headed "Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance" below.

## Report of the Directors *(continued)*

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

**Mr. John Luen Wai Lee**, BBS, JP, aged 74, was appointed a Director of the Company in September 1992 and is the Chief Executive Officer of the Company. Mr. Lee is the Managing Director and the Chief Executive Officer of Lippo. He is an executive director and the Chief Executive Officer of LCR, as well as an independent non-executive director of New World Development Company Limited and UMP Healthcare Holdings Limited, both are public listed companies in Hong Kong. He is a director of Huge Success Limited (formerly known as Prime Success Limited) and Hennessy Holdings Limited which, together with Lippo, have discloseable interests in the Company under the provisions of the SFO. Mr. Lee is an authorised representative of the Company, Lippo and LCR. In addition, he holds directorships in certain subsidiaries of the Company, Lippo and LCR. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Price Waterhouse (now known as PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong, a Justice of Peace in Hong Kong and an awardee of the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Lee is active in public service. Over the years, he has served as a member or chairman of different government boards and committees in Hong Kong, including a member of the Hong Kong Hospital Authority and the Chairman of the Hospital Governing Committee of the Queen Elizabeth Hospital. Currently, he serves as the Chairman of the Hospital Governing Committee of Hong Kong Children's Hospital.

**Mr. Brian Riady**, aged 32, was appointed an executive Director of the Company in March 2023. Mr. Riady holds a Bachelor of Science (Political Communication) and a Bachelor of Arts (Economics) from the University of Texas at Austin, the United States of America. He attended the Executive Education programs at the Harvard Business School. Mr. Riady is also an executive director of Lippo and LCR. He is the Deputy Chief Executive Officer and Executive Director of OUE and a non-independent and non-executive director of OUE Lippo Healthcare Limited ("OUELH"). Mr. Riady is also a non-independent non-executive director of OUE Commercial REIT Management Pte. Ltd. (the manager of OUE Commercial Real Estate Investment Trust ("OUE C-REIT")). OUELH and OUE C-REIT are listed on the SGX-ST. He also holds directorships in certain subsidiaries of LCR which in turn is a subsidiary of Lippo. Mr. Riady is the son of Dr. Stephen Riady and Madam Leonardi and a nephew of Mr. James Riady and Madam Hambali.

**Mr. Leon Nim Leung Chan**, aged 67, was appointed a Director of the Company in September 1992 and was re-designated from independent non-executive Director to non-executive Director of the Company in September 2004. He is a practising lawyer and presently the principal partner of Messrs Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to April 2008. He is also a non-executive director of Lippo and LCR. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company, Lippo and LCR.

## Report of the Directors *(continued)*

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

**Mr. King Fai Tsui**, aged 73, was appointed an independent non-executive Director of the Company in September 2004. Mr. Tsui is an independent non-executive director of Vinda International Holdings Limited and Newton Resources Ltd, both are public listed companies in Hong Kong. He has over 40 years of extensive experience in accounting, finance and investment management, particularly in investments in mainland China. Mr. Tsui worked for two of the Big Four audit firms in the United States of America and Hong Kong and served in various public listed companies in Hong Kong in a senior capacity. He is a Fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Accountants Australia and New Zealand and a member of the American Institute of Certified Public Accountants. He graduated from the University of Houston, Texas, the United States of America and holds a Master of Science in Accountancy and a Bachelor of Business Administration with first class honours. He is an independent non-executive director of Lippo. Mr. Tsui is the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is also a member of the Audit Committee and the Chairman of the Remuneration Committee and Nomination Committee of Lippo. He resigned as an independent non-executive director of LCR in December 2022. Mr. Tsui also resigned as an independent non-executive director of China Aoyuan Group Limited, a public listed company in Hong Kong, in January 2023.

**Mr. Edwin Neo**, aged 73, was appointed an independent non-executive Director of the Company in January 2018. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1976 and of the Supreme Court of England and Wales in 1993. Mr. Neo is a practising lawyer and a notary public and is presently the senior partner of Hoosenally & Neo, Solicitors & Notaries. Mr. Neo holds a Bachelor of Laws degree with honours and Post-graduate Certificate in Laws from The University of Hong Kong. He is an independent non-executive director of LCR. Mr. Neo is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is also a member of the Audit Committee and the Chairman of the Remuneration Committee and Nomination Committee of LCR. He was an independent non-executive Director of the Company from 16 January 1995 to 10 March 1998. He resigned as an independent non-executive director of Lippo in December 2022.

**Ms. Min Yen Goh**, aged 62, was appointed an independent non-executive Director of the Company in December 2022. Ms. Goh obtained a Bachelor of Science in Economics and Finance with high distinction from Babson College in the United States of America. Ms. Goh is currently the managing director of Eng Wah Group and a director of Eng Wah Global Pte. Ltd. Ms. Goh was a director of Eng Wah Organization Limited, which was listed on the Mainboard of the SGX-ST before it was privatized in 2008. She is an independent director and a member of the nominating committee and remuneration committee of OUE. Ms. Goh is also an independent non-executive director of Lippo and LCR. Ms. Goh is a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and LCR.

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

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

## Report of the Directors *(continued)*

### DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Details of the emoluments of the Directors on a named basis and the five highest paid employees in the Group are set out in Notes 8 and 9 to the financial statements, respectively.

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

The emoluments of the Directors for the Year have been covered by their respective letter agreements and/or employment agreements (as applicable) with the Company and/or paid under the relevant statutory requirement save for the discretionary bonus of Dr. Stephen Riady in an amount of HK\$83,000.

Dr. Stephen Riady and Mr. John Luen Wai Lee are entitled to receive salaries, discretionary bonuses and other fringe benefits for the executive roles in the Company under their respective employment agreements with the Company.

Further details of the above Directors' emoluments are disclosed in Note 8 to the financial statements.

Each of the Directors of the Company is entitled to receive a director's fee from the Company. The director's fee was adjusted from HK\$246,000 per annum to HK\$258,000 per annum with effect from 1 April 2022. The director's fee paid to each of the Directors of the Company (on a 12-month basis) was HK\$255,000 for the Year. A non-executive Director will also receive additional fees for duties assigned to and services provided by him/her as Chairmen and/or members of various board committees of the Company. The fees paid to the non-executive Directors (on a 12-month basis) for serving as the Chairmen and/or members of various board committees of the Company for the Year were as follows:

	HK\$
Chairman	84,300
Member	54,600

## Report of the Directors *(continued)*

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

As at 31 December 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:

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

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of controlled corporations)	Other interests	Total interests	Approximate percentage of total interests in the issued shares
<b>Number of ordinary shares of HK\$1.00 each in the Company</b>						
Stephen Riady	–	–	1,477,715,492 <i>Notes (i) and (ii)</i>	–	1,477,715,492	73.95
John Luen Wai Lee	2,000,270	270	–	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	–	675,000	0.03
<b>Number of ordinary shares in Lippo Limited ("Lippo")</b>						
Stephen Riady	–	–	369,800,219 <i>Note (i)</i>	–	369,800,219	74.98
John Luen Wai Lee	1,031,250	–	–	–	1,031,250	0.21
<b>Number of ordinary shares in Lippo China Resources Limited ("LCR")</b>						
Stephen Riady	–	–	6,890,184,389 <i>Notes (i) and (iii)</i>	–	6,890,184,389	74.99
Min Yen Goh	–	–	–	2,000,000 <i>Note (iv)</i>	2,000,000	0.02

Note:

- (i) As at 31 December 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, Lippo. Lippo Capital was a 60% owned subsidiary of Lippo Capital Holdings Company Limited ("Lippo Capital Holdings"), an Associated Corporation of the Company, which in turn was a wholly-owned subsidiary of Lippo Capital Group Limited ("Lippo Capital Group"), an Associated Corporation of the Company. Dr. Stephen Riady ("Dr. Riady") was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group.
- (ii) As at 31 December 2022, Lippo, 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, the Company.
- (iii) As at 31 December 2022, Lippo, through its 100% owned subsidiary, was indirectly interested in 6,890,184,389 ordinary shares in, representing approximately 74.99% of the issued shares of, LCR.
- (iv) As at 31 December 2022, Ms. Min Yen Goh (in the capacity of an executor) was deemed to be interested in 2,000,000 ordinary shares in, representing approximately 0.02% of the issued shares of, LCR.

## Report of the Directors *(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 *(continued)*

As mentioned in Note (i) above, Dr. Riady was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group. Through his interest in Lippo Capital Group, Dr. Riady was also interested or taken to be interested (through controlled corporations) in the issued shares of the following Associated Corporations of the Company as at 31 December 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
First Tower Corporation	(e)	Ordinary shares	1	100
Grand Peak Investment Limited	(a)	Ordinary shares	2	100
Greenorth Holdings Limited	(a)	Ordinary shares	1	100
Hennessy Holdings Limited	(e)	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	(f)	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
Prime Success Limited (now known as Huge Success Limited)	(e)	Ordinary shares	1	100
PT Matahari Department Store Tbk.	(g)	Ordinary shares	1,389,838,896	58.78
Skyscraper Realty Limited	(e)	Ordinary shares	10	100
Superfood Retail Limited ("Superfood")	(h)	Ordinary shares	10,000	100
The HCB General Investment (Singapore) Pte Ltd	(a)	Ordinary shares	100,000	100
Valencia Development Limited	(a)	Ordinary shares	800,000	100
	(a)	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	(a)	Ordinary shares	1	100

## Report of the Directors *(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 *(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 73.05% by Fortune Crane Limited ("FCL"). The Company, through its 50% joint venture, Lippo ASM Asia Property Limited, held approximately 92.05% interest in FCL. Details of Dr. Riady's interest in the Company are disclosed in Notes (i) and (ii) 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 ("Nine Heritage"), an 80% owned direct subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd ("Pantogon"), a 100% owned indirect subsidiary of LCR and 759,000 ordinary shares were held by Max Turbo Limited ("Max Turbo"), a 100% owned indirect subsidiary of LCR. Details of Dr. Riady's interest in LCR are disclosed in Notes (i) and (iii) above. In addition, as at 31 December 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(s) was/were 100% held directly or indirectly by Lippo. Details of Dr. Riady's interest in Lippo are disclosed in Note (i) above.
- (f) Such share was 100% held directly by Lippo Capital Group.
- (g) Of these shares, 209,992,000 ordinary shares were held by PT Multipolar Tbk. ("PT Multipolar"); 100,000,000 ordinary shares were held by PT Cahaya Investama ("PT Cahaya"); 100,000,000 ordinary shares were held by PT Surya Cipta Investama ("PT Surya"); 100,000,000 ordinary shares were held by PT Reksa Puspita Karya ("PT Reksa") and 879,846,896 ordinary shares were held by Auric Digital. PT Cahaya, PT Surya and PT Reksa were owned as to 99.99% by PT Multipolar. 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.
- (h) Of these shares, 1,625 ordinary shares were held by Nine Heritage; 2,937 ordinary shares were held by Pantogon; 406 ordinary shares were held by Jeremiah; 62 ordinary shares were held by Max Turbo and 4,970 ordinary shares were held by Oddish Ventures Pte. Ltd., a 100% owned indirect subsidiary of OUE. Accordingly, Dr. Riady was taken to be interested in an aggregate of 10,000 ordinary shares in, representing 100% of the issued shares of, Superfood. Details of Dr. Riady's interest in the Company and LCR are disclosed in Notes (i) to (iii) above.

As at 31 December 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 represented long positions. Save as disclosed herein, as at 31 December 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 31 December 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.

## Report of the Directors *(continued)*

### ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

### PERMITTED INDEMNITY PROVISION

The Company's Bye-laws provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. A Directors' and Officers' Liability Insurance was taken out and maintained throughout the Year, which provides appropriate cover for, inter alia, the Directors of the Company and its subsidiaries.

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

As at 31 December 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
Hennessy Holdings Limited ("Hennessy")	1,477,715,492	73.95
Prime Success Limited ("Prime Success", now known as Huge Success Limited)	1,477,715,492	73.95
Lippo Limited ("Lippo")	1,477,715,492	73.95
Lippo Capital Limited ("Lippo Capital")	1,477,715,492	73.95
Lippo Capital Holdings Company Limited ("Lippo Capital Holdings")	1,477,715,492	73.95
Lippo Capital Group Limited ("Lippo Capital Group")	1,477,715,492	73.95
Madam Shincee Leonardi	1,477,715,492	73.95
PT Trijaya Utama Mandiri ("PT TUM")	1,477,715,492	73.95
Mr. James Tjahaja Riady	1,477,715,492	73.95
Madam Aileen Hambali	1,477,715,492	73.95

## Report of the Directors *(continued)*

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

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

Note:

1. Hennessy, the immediate holding company of the Company, as beneficial owner, directly held 1,477,715,492 ordinary shares in, representing approximately 73.95% of the issued shares of, the Company.
2. Hennessy is wholly owned by Prime Success which in turn is wholly owned by Lippo.
3. Lippo Capital, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in 369,800,219 ordinary shares in, representing approximately 74.98% of the issued shares of, Lippo.
4. 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.
5. 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.
6. Hennessy's interests in the ordinary shares of the Company were recorded as the interests of Prime Success, Lippo, Lippo Capital, Lippo Capital Holdings, Lippo Capital Group, Madam Shincee Leonardi, PT TUM, Mr. James Tjahaja Riady and Madam Aileen Hambali. The above 1,477,715,492 ordinary shares in 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 represented long positions. Save as disclosed herein, as at 31 December 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.

#### DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Lippo Group (a general reference to the companies in which Dr. Stephen Riady and his family members have a direct or indirect interest) is not a legal entity and does not operate as one. Each of the companies in the Lippo Group operates within its own legal, corporate and financial framework. As at 31 December 2022, the Lippo Group might have had or developed interests in business in Hong Kong and other parts in Asia similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

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

## Report of the Directors *(continued)*

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS** *(continued)*

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

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

### **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 31 December 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.

## Report of the Directors *(continued)*

### DISCLOSURE PURSUANT TO RULE 13.20 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED *(continued)*

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.

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 31 December 2022, the outstanding balance of the above advances amounted to approximately S\$380,420,000 (equivalent to approximately HK\$2,215,680,000).

### DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN CONTRACTS

Save as disclosed above and in Note 33 to the financial statements, there were no other contracts of significance in relation to the Company’s business, to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

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

### MANAGEMENT CONTRACTS

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

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

## Report of the Directors *(continued)*

### MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the percentage of revenue attributable to the Group's five largest customers combined was 89% of the Group's aggregate revenue and revenue attributable to the largest customer included therein amounted to 71%. During the Year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's aggregate purchases.

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

### RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

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

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

### RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme of the Group and the employer's retirement benefits costs charged to the consolidated statement of profit or loss for the Year are set out in Notes 2.4(v) and 7 to the financial statements, respectively.

### CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. The Company's Corporate Governance Report is set out on pages 24 to 35.

### KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, businesses and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties were identified by the Group, details of which are disclosed in the Company's Risk Management Report as set out on pages 36 to 42. There may be other risks and uncertainties in addition to those shown in the above report which are not known to the Group or which may not be material now but could turn out to be material in the future.

### ADOPTION OF DIVIDEND POLICY

The Board had approved and adopted a dividend policy for the Company in January 2019 that aims to set out the approach to determine the dividend to be payable by the Company, enhance transparency of the Company and facilitate shareholders and investors of the Company to make informed investment decisions. Details of the Company's dividend policy are disclosed in the Corporate Governance Report as set out on pages 24 to 35.

## Report of the Directors *(continued)*

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

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

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

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

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

By publishing the Company’s ESG Report, the Company seizes the opportunity to disclose its sustainability performance and solicit stakeholder feedback. The Company’s ESG Report is set out on pages 43 to 58.

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

### SUFFICIENCY OF PUBLIC FLOAT

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

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### AUDITOR

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

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

Hong Kong, 30 March 2023

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

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

During the year ended 31 December 2022 (the “Year”), the Company continued to take measures to closely monitor and enhance its corporate governance practices so as to comply with the requirements of the code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as the code for securities transactions by Directors. Having made specific enquiry of all Directors, all Directors have fully complied with the required standard set out in the Model Code throughout the Year.

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

## BOARD OF DIRECTORS

The Board currently comprises seven members (the composition of the Board is shown on page 10), including three executive Directors and four non-executive Directors of whom three are independent as defined under the Listing Rules (brief biographical details of the Directors are set out on pages 11 to 13). A list containing the names of the Directors and their roles and functions can also be found on the Company’s website ([www.hkchinese.com.hk](http://www.hkchinese.com.hk)) and the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)).

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

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

## Corporate Governance Report *(continued)*

### BOARD OF DIRECTORS *(continued)*

Mr. King Fai Tsui (who is to retire by rotation at the forthcoming 2023 annual general meeting of the Company (the “2023 AGM”)) has served as an independent non-executive Director of the Company for more than nine years. In addition to his confirmation of independence in accordance with rule 3.13 of the Listing Rules, he continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice. He also continues to demonstrate his ability to exercise independent judgment and provide a balanced and objective view in relation to the Group’s affairs. There is no evidence that his tenure has had any impact on his independence. The Directors have discussed and are of the opinion that Mr. King Fai Tsui remains independent notwithstanding the length of his service and they believe that his valuable knowledge and experience in the Group’s business and his external experience continues to generate significant contribution to the Company and its shareholders as a whole. The continuous appointment of Mr. King Fai Tsui as an independent non-executive Director of the Company will help to maintain the stability of the Board.

To facilitate the gender diversity, Mr. Victor Ha Kuk Yung resigned as an independent non-executive Director of the Company and a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board with effect from 30 December 2022. Ms. Min Yen Goh was appointed as an independent non-executive Director of the Company and a member of the Remuneration Committee and Nomination Committee of the Board with effect from 30 December 2022.

Under the Company’s Bye-laws (the “Bye-laws”), one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement at least once every three years. Under the Listing Rules, if an independent non-executive Director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. All the Directors have entered into letter agreements and/or employment agreements (as applicable) with the Company setting out the key terms and conditions of their respective appointment as Directors and/or executive role in the Company.

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

## Corporate Governance Report *(continued)*

### BOARD OF DIRECTORS *(continued)*

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

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

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

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

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

Directors	Attendance/Number of Meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting*
<b>Executive Directors</b>					
Dr. Stephen Riady ( <i>Chairman</i> )	5/5	N/A	3/3	3/3	1/1
Mr. John Luen Wai Lee ( <i>Chief Executive Officer</i> )	5/5	N/A	N/A	N/A	1/1
<b>Non-executive Director</b>					
Mr. Leon Nim Leung Chan	5/5	3/3	3/3	3/3	1/1
<b>Independent Non-executive Directors</b>					
Mr. King Fai Tsui ( <i>Chairman of the Audit Committee, Remuneration Committee and Nomination Committee</i> )	5/5	3/3	3/3	3/3	1/1
Mr. Edwin Neo	5/5	3/3	3/3	3/3	1/1
Ms. Min Yen Goh# (appointed on 30 December 2022)	0/0	N/A	0/0	0/0	N/A
Mr. Victor Ha Kuk Yung (resigned on 30 December 2022)	5/5	3/3	3/3	3/3	1/1

\* the only general meeting of the Company held during the Year was the annual general meeting held on 8 June 2022 (the "2022 AGM").

# Ms. Min Yen Goh was appointed as a member of the Remuneration Committee and Nomination Committee of the Board on 30 December 2022.

## Corporate Governance Report *(continued)*

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

### NON-EXECUTIVE DIRECTORS

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

### REMUNERATION OF DIRECTORS

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

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

Majority of the Remuneration Committee members are non-executive Directors and three of them are independent. Following the resignation of Mr. Victor Ha Kuk Yung as an independent non-executive Director of the Company on 30 December 2022, his position as a member of the Remuneration Committee was terminated accordingly. The Remuneration Committee currently comprises five members including three independent non-executive Directors, namely Mr. King Fai Tsui (being the Chairman of the Remuneration Committee), Mr. Edwin Neo and Ms. Min Yen Goh, a non-executive Director, namely Mr. Leon Nim Leung Chan and an executive Director, namely Dr. Stephen Riady. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. Three meetings were held during the Year and the individual attendance of each member is set out above.

Details of Directors' emoluments and retirement benefits are disclosed in Notes 8 and 2.4(v) to the financial statements, respectively.

### NOMINATION OF DIRECTORS

The Board has the power to appoint Director(s) pursuant to the Company's Bye-laws. Ms. Min Yen Goh was appointed as an independent non-executive Director of the Company and a member of the Remuneration Committee and Nomination Committee of the Board with effect from 30 December 2022. Subsequent to the end of the Year, Mr. Brian Riady was appointed as an executive Director of the Company with effect from 30 March 2023. In accordance with Bye-law 83(2) of the Company's Bye-laws, Ms. Min Yen Goh and Mr. Brian Riady will retire from office at the 2023 AGM and, being eligible, will offer themselves for re-election.

A Nomination Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website ([www.hkchinese.com.hk](http://www.hkchinese.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The principal role of the Nomination Committee includes, inter alia, review of the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; assessment of the independence of independent non-executive Directors and make recommendations to the Board for the appointment of independent non-executive Directors; making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors in particular the Chairman of the Board and the chief executive; and to review the terms of reference of the Nomination Committee, the board diversity policy and the Directors' nomination policy and recommend to the Board any necessary changes required. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee and recommendation of the Nomination Committee are then put to the Board for decision. During the Year, the Nomination Committee reviewed, inter alia, the eligibility of the Directors seeking for re-election at the 2022 AGM and the appointment of new independent non-executive Director and Company Secretary, and assessed the independence of the independent non-executive Directors. The Nomination Committee also reviewed the existing structure, size, composition, diversity and efficiency of the Board. In addition, the Nomination Committee reviewed and recommended to the Board on the re-election of retiring Directors at the 2023 AGM and the appointment of new executive Director.

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

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

## Corporate Governance Report *(continued)*

### NOMINATION OF DIRECTORS *(continued)*

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

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

The Company is committed to improving gender diversity based on its needs and as and when suitable candidates are identified. During the Year, a female director was appointed. In order to maintain gender diversity, similar considerations will be taken when recruiting and selecting senior staff and other employees. As at 31 December 2022, the Group maintained a balance of male and female ratio in the workplace, details of which are set out in the Environmental, Social and Governance Report on pages 43 to 58.

Majority of the Nomination Committee members are non-executive Directors and three of them are independent. Following the resignation of Mr. Victor Ha Kuk Yung as an independent non-executive Director of the Company on 30 December 2022, his position as a member of the Nomination Committee was terminated accordingly. The Nomination Committee currently comprises five members including three independent non-executive Directors, namely Mr. King Fai Tsui (being the Chairman of the Nomination Committee), Mr. Edwin Neo and Ms. Min Yen Goh, a non-executive Director, namely Mr. Leon Nim Leung Chan and an executive Director, namely Dr. Stephen Riady. The composition of the Nomination Committee meets the requirements of chairmanship and independence of the Listing Rules. Three meetings were held during the Year and the individual attendance of each member is set out above.

## DIRECTORS' TIME COMMITMENT AND TRAINING

The Company has received confirmation from each Director that he had sufficient time and attention to the affairs of the Company for the Year (other than the new Director appointed on 30 December 2022). Directors are encouraged to participate in professional, public and community organisations. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. They are also reminded to notify the Company in a timely manner of any change of such information. In respect of those Directors who would stand for re-election at the 2023 AGM, all their directorships held in listed public companies in the past three years are to be set out in the circular to shareholders regarding, inter alia, proposed re-election of retiring Directors. Other details of Directors are set out in the brief biographical details of the Directors and senior management on pages 11 to 13.

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

- (1) participation in continuous professional training seminars and/or conferences and/or courses and/or workshops on subjects relating to, inter alia, corporate governance, directors' duties and legal and regulatory changes organised and/or arranged by the Company and/or professional bodies and/or lawyers;
- (2) reading materials provided from time to time by the Company to Directors regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties; and
- (3) reading news, journals, magazines and/or other reading materials regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

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

Directors	Training received
<b>Executive Directors</b>	
Dr. Stephen Riady ( <i>Chairman</i> )	(1), (2) and (3)
Mr. John Luen Wai Lee ( <i>Chief Executive Officer</i> )	(1), (2) and (3)
<b>Non-executive Director</b>	
Mr. Leon Nim Leung Chan	(1), (2) and (3)
<b>Independent Non-executive Directors</b>	
Mr. King Fai Tsui	(1), (2) and (3)
Mr. Edwin Neo	(1), (2) and (3)
Ms. Min Yen Goh (appointed on 30 December 2022)	(1), (2) and (3)
Mr. Victor Ha Kuk Yung (resigned on 30 December 2022)	(1), (2) and (3)

## Corporate Governance Report *(continued)*

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

### AUDITOR'S REMUNERATION

Ernst & Young has been appointed by the shareholders annually as the Company's auditor. During the Year, the fees charged to the financial statements of the Group for the statutory audit and non-statutory audit services provided by Ernst & Young (which for the purpose includes any entity under common control, ownership or management with the auditor or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditor nationally and internationally) amounted to approximately HK\$2.6 million (2021 — HK\$2.5 million) and approximately HK\$4,000 (2021 — HK\$4,000), respectively.

### AUDIT COMMITTEE

The Board established an Audit Committee in December 1998. The Audit Committee has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website ([www.hkchinese.com.hk](http://www.hkchinese.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The Audit Committee assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting objectives. The Audit Committee is also responsible for the Company's corporate governance functions. Following the resignation of Mr. Victor Ha Kuk Yung as an independent non-executive Director of the Company on 30 December 2022, his position as a member of the Audit Committee was terminated accordingly. All Committee members are non-executive Directors and two of them including the Chairman are independent. The Audit Committee comprises three members including two independent non-executive Directors, namely Mr. King Fai Tsui (being the Chairman of the Audit Committee) and Mr. Edwin Neo and a non-executive Director, namely Mr. Leon Nim Leung Chan. Three meetings were held during the Year and the individual attendance of each member is set out above.

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

During the Year, the Audit Committee discharged its duties by reviewing and/or monitoring financial, audit, risk management, internal control and corporate governance matters of the Group, including management accounts, financial statements, interim and annual reports, corporate governance report, risk management report and internal audit reports and discussing with executive Directors, management, external auditor and internal audit department (the "IA Department") regarding financial matters, corporate governance policies and practices and internal audit, control and risk management matters of the Group, and making recommendations to the Board including, inter alia, financial-related matters. The Audit Committee reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report, the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices in compliance with legal and regulatory requirements and the code of conduct applicable to employees and Directors. The Audit Committee also recommended to the Board that, subject to the shareholders' approval at the 2023 AGM, Ernst & Young be re-appointed as the Company's external auditor for the ensuing year; and reviewed the fees charged by the Company's external auditor.

## RISK MANAGEMENT AND INTERNAL CONTROLS

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

During the Year, a review of the effectiveness of the Group’s risk management and internal control systems covering the risk management functions and all material controls, including financial, operational and compliance controls was conducted, details of which are set out in the Risk Management Report on pages 36 to 42. Such review will be conducted on an annual basis.

An Inside Information Policy was adopted by the Company which sets out guidelines to the Directors, officers and all relevant employees of the Group to ensure inside information (as defined in the Listing Rules) (the “Inside Information”) of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations. The Company also established Group Internal Notification Policies and Procedures for setting out guidelines for identification and notification of Inside Information and notifiable transactions (as defined in the Listing Rules). A Whistleblowing Policy and an Anti-corruption Policy were also adopted by the Group.

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

## INTERNAL AUDIT

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

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

## COMPANY SECRETARY

The Company Secretary is responsible for facilitating the Board’s processes and communications among Board members, with shareholders and with management. Mr. Kelsch Woon Kun Wong was the Company Secretary during the Year and had taken the necessary professional training. Mr. Wong retired as the Company Secretary with effect from 1 January 2023 after reaching his retirement age. On 1 January 2023, Ms. Millie Yuen Fun Luk was appointed as the Company Secretary.

# Corporate Governance Report *(continued)*

## COMMUNICATION WITH SHAREHOLDERS

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

The Company's Annual General Meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Board members, including the Chairmen of the Board and Board committees and Board committee members, and the Company's external auditor attended the 2022 AGM and were available to answer questions from shareholders.

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

For efficient communication with shareholders and environmental protection, shareholders can choose to receive the Company's corporate communications by electronic means through the Company's website ([www.hkchinese.com.hk](http://www.hkchinese.com.hk)). All the financial information and other disclosures including, inter alia, annual reports, interim reports, announcements, circulars, notices, the Memorandum of Association (the "Memorandum") and the Bye-laws and other documents as required by the Listing Rules and any other relevant laws and regulations are available on the Company's website. In order to enable shareholders to make queries that they may have with respect to the Company, contact details of the Company such as telephone number and facsimile number are available on the Company's website.

Shareholders may direct their questions about their shareholdings to the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong (the "Registrar") or contact the Customer Service Hotline of the Registrar at (852) 2980 1333. Shareholders may send their enquiries to the Board or the Company Secretary in written form to the principal place of business of the Company at 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.

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

## SHAREHOLDERS' RIGHTS

Under Bye-law 58 of the Company's Bye-laws, members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held in the form of a hybrid meeting, an electronic meeting or a physical meeting and within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting, the requisitionists themselves may convene such hybrid, electronic or physical meeting in accordance with the provisions of the Companies Act 1981 of Bermuda. Shareholders may send the requisition and request to the Board or the Company Secretary in written form to the principal place of business of the Company at 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.

### DIVIDEND POLICY

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

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

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

### FAIR DISCLOSURE AND INVESTOR RELATIONS

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

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

A special resolution was proposed and passed at the 2022 AGM for the amendments of the then Bye-laws (the “Old Bye-laws”) and the adoption of the amended and restated Bye-laws in substitution for, and to the exclusion of, the Old Bye-laws. The amendments to the Old Bye-laws were, among other things, to (i) conform to the core shareholder protection standards set out in the amended Appendix 3 to the Listing Rules, (ii) allow general meetings of the Company to be held as an entirely electronic meeting where shareholders of the Company (the “Shareholders”) may attend by electronic means in addition to a physical meeting where Shareholders physically attend or a hybrid meeting where Shareholders can attend physically or by electronic means, (iii) set out other related powers of the Board and the chairman of the general meetings, (iv) reflect certain updates in the applicable laws of Bermuda and the Listing Rules, and (v) cover other proposed house-keeping amendments that were in line with the aforesaid amendments. An updated and consolidated version of the Memorandum and the Bye-laws is available on the Company’s website ([www.hkchinese.com.hk](http://www.hkchinese.com.hk)) and the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)).

## **Corporate Governance Report** *(continued)*

### **FINANCIAL REPORTING**

The Board recognises its responsibility to prepare the Company's financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, Listing Rules and other regulatory requirements. As at 31 December 2022, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board selected appropriate accounting policies and applied consistently. Judgments and estimates were reasonably and prudently made. The external auditor is responsible for audit and report, if any, material misstatement or non-compliance with Hong Kong Financial Reporting Standards or other regulations. The Board uses its best endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

The responsibilities of the auditor with respect to financial reporting are set out in the Independent Auditor's Report on pages 59 to 63.

### **CORPORATE SOCIAL RESPONSIBILITY**

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

# Risk Management Report

Effective risk management is essential for the Group to take the appropriate level of risks and opportunities in pursuing its strategic and business goals. The Group is committed to the continuous improvement of the risk management system in order to facilitate the long-term growth and sustainability of its businesses. During the year ended 31 December 2022 (the “Year”), the Group has integrated Environmental, Social and Governance (“ESG”) risk factors into enterprise risk management process given that the increasing significance of ESG risks.

With reference to Enterprise Risk Management – Integrated Framework issued by COSO and ISO 31000 Risk Management – Principles and Guidelines, the Group’s risk management framework comprises 3 key components:

1. Risk Management Strategy;
2. Risk Governance Structure; and
3. Risk Management Process.

## **RISK MANAGEMENT STRATEGY**

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

- Promote corporate governance with a sound system of internal controls
- Embed a systematic approach to identify risks
- Enable the Group to strike the right balance between risks and rewards by making risk informed decisions in accordance with the Group’s business objectives and risk appetite
- Ensure the adequacy and effectiveness of risk controls in place to manage key risks
- Ensure compliance with the relevant legal and regulatory requirements

## Risk Management Report *(continued)*

### RISK GOVERNANCE STRUCTURE

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



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

#### Board Supervision

##### The Board of Directors (the "Board")

- Take the overall responsibility for the risk management and internal control systems

##### Audit Committee empowered by the Board

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

# Risk Management Report *(continued)*

## RISK GOVERNANCE STRUCTURE *(continued)*

### Risk Leadership

#### Senior Management

- Provide overall leadership in risk management activities, via the Risk Management Steering Group (the “RM Steering Group”)

#### RM Steering Group led by Senior Management

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

### Risk Facilitator

#### Group Risk Management Team

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

# Risk Management Report *(continued)*

## RISK GOVERNANCE STRUCTURE *(continued)*

### Risk and Control Ownership

#### Business Entities and Departments

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

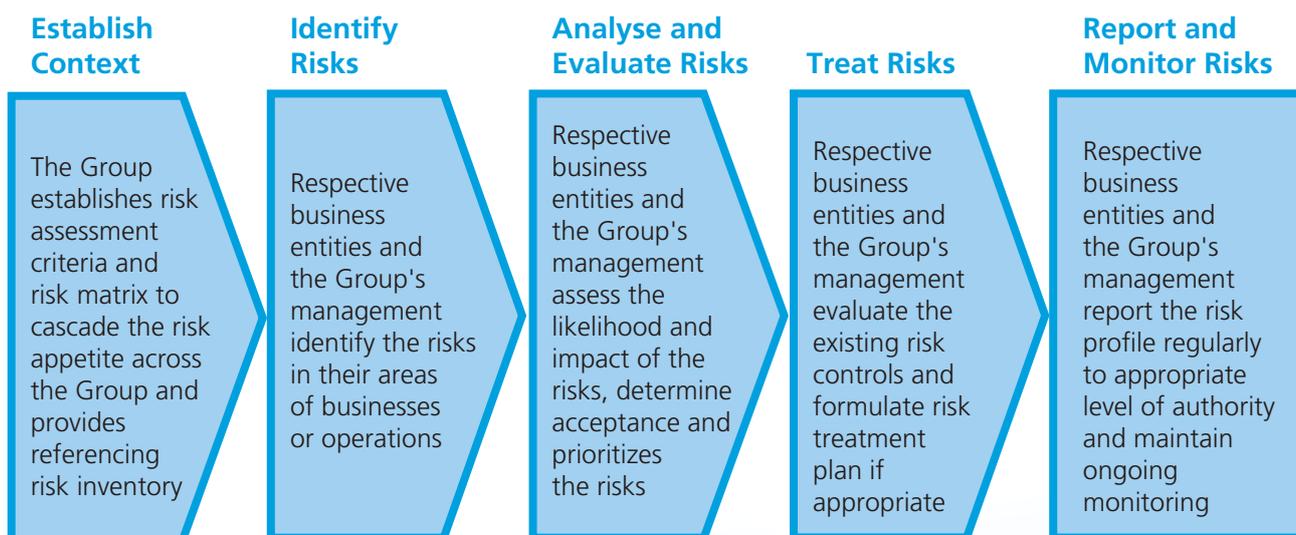
### Independent Assurance

#### Group Internal Audit Department

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

## RISK MANAGEMENT PROCESS

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



# Risk Management Report *(continued)*

## CONTINUOUS IMPROVEMENT

The Group continues to strive for improvement on its risk management system and has taken a series of actions during the Year:

- Revised enterprise risk management reporting templates
- Revised Risk and Control Self-Assessment template
- Discussed risk management improvement initiatives across different levels of the Group
- Provided risk management training to the risk owners
- Integrated ESG risk factors into enterprise risk management process

## MATERIAL RISKS

During the Year, the Group conducted risk review from the Group's perspective and on the risk profile submitted by the underneath business entities. Through this combined top-down and bottom-up risk review process, the Group has identified the material risks of various business segments for the Year.

The Group classifies risks into 4 main categories:

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

## Risk Management Report *(continued)*

### MATERIAL RISKS *(continued)*

#### Group Operations

Risks	Examples of Response Taken
<p><b>Operational – Natural Disaster Risk<sup>1</sup></b></p> <p>The risk of extensive damage in network facilities caused by storm, flood, landslide, extreme weather phenomenon due to climate change impacting the Group's ability to sustain operation and/or loss of critical data and/or information.</p>	<ul style="list-style-type: none"> <li>• Performed periodic system back up.</li> <li>• Established business continuity plan covering different disaster scenarios.</li> <li>• Arranged appropriate insurance coverage for different disaster scenarios.</li> </ul>
<p><b>Operational – COVID 19 outbreak</b></p> <p>The risk of adverse impact to the Group's business performance due to COVID-19.</p>	<ul style="list-style-type: none"> <li>• Ensured clean and hygienic work environment.</li> <li>• Provided face masks and hygiene supplies to staff and required staff to wear face masks at workplace.</li> <li>• Implemented precautionary measures at workplace.</li> <li>• Implemented flexible working hours and work from home arrangement.</li> <li>• Temporary suspension of non-essential business travel.</li> <li>• Used electronic means for meetings.</li> </ul>
<p><b>Operational – Cyber Security Risk</b></p> <p>The risk of financial or reputational loss or inability to deliver services and products due to unauthorised access, use, disclosure, disruption, modification, or destruction of organisational data and/or systems.</p>	<ul style="list-style-type: none"> <li>• Enhanced cyber threat prevention and detection.</li> </ul>
<p><b>Strategic – Macroeconomic Risk</b></p> <p>The risk of economic downturn or slow down in economic recovery in the business region, impacting the Group's profitability.</p>	<ul style="list-style-type: none"> <li>• Cost monitoring and cost management.</li> </ul>

<sup>1</sup> Material risk identified with ESG aspects

## Risk Management Report *(continued)*

### REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

1. Regular risk management progress reports on the status of implementation;
2. Regular risk reports on the Group's material risks and entities' risk profile including key mitigations;
3. Risk and control self-assessment by various entities;
4. Regular audit reports by the Group Internal Audit Department for audit evaluation of the internal controls and key findings with relevant recommendations;
5. Consideration on the adequacy of resources, staff qualifications and experience, training programmes and budgets of the accounting, internal audit and financial reporting functions;
6. Consideration on the scope and quality of management's ongoing monitoring of the systems; and
7. Consideration on the extent and frequency of communication and reporting to the Board and Audit Committee on the risk management results and risk issues.

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

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

This report captures the performance of the Company and its subsidiaries (together, the “Group”) in the environmental, social and governance (“ESG”) aspects for the year ended 31 December 2022 (the “Year” or “2022”) (the “ESG Report”). By reporting the policies, measures and performance of the Group in ESG aspects, it allows all stakeholders to better understand the progress of the Group towards sustainability.

## Reporting Boundary

This ESG Report covers the operation of the Company’s head office in Hong Kong and its subsidiaries in property investment, development and management, as well as management services for the Year (as summarised in the following table). While the ESG Report does not cover all of the Group’s operations, the aim of the Group is to consistently upgrade the internal data collection procedure and gradually expand the scope of disclosure.

Segments	Subsidiaries covered in the reporting boundary
Property investment, development and management	<ul style="list-style-type: none"><li>北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.) (“Beijing Lippo”)</li><li>成都力寶置業有限公司 (Chengdu Lippo Realty Limited) (“Chengdu Lippo”)</li><li>Fairseas 1 Pte. Ltd. (“Fairseas”)</li><li>One Realty Pte. Limited (“One Realty”)</li></ul>
Management services	<ul style="list-style-type: none"><li>HCL Management Limited (“HCL Management”)</li></ul>

## Reporting Standard

This ESG Report was prepared in accordance with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. To ensure the accuracy of key environmental performance indicators, the Group commissioned a professional consultant to conduct a carbon assessment.

In preparation of this ESG Report, the Group adhered to the reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”:

Reporting principles	The Group’s application
Materiality	Material environmental and social issues were identified through stakeholder engagement, and materiality assessment was presented to the Board of Directors (the “Board”). The relevant content was prioritised and disclosed in this ESG Report.
Quantitative	The Group records and discloses key performance indicators in quantitative terms as appropriate.
Balance	This ESG Report discloses information in an objective manner, giving stakeholders a fair picture of the Group’s overall ESG performance.
Consistency	As far as practicable and unless stated otherwise, the Group employs consistent measurement methodology to allow for meaningful comparison of ESG data over time.

# Environmental, Social and Governance Report *(continued)*

## ABOUT THIS REPORT *(continued)*

### Confirmation and Approval

Information in this ESG Report was sourced from official documents, statistical data, and management and operational information of and collected by the Group. This ESG Report was approved by the Board on 30 March 2023.

### Opinion and Feedback

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

## MANAGEMENT APPROACH TO ESG

The Board takes the overall responsibility for the oversight of the Group's ESG matters, including policies, measures, performance and risks. Through regular board meetings, the Board evaluates and reviews ESG matters as appropriate.

A working group that comprises representatives from business divisions and compliance team, is delegated to identify, evaluate and manage material ESG related issues. The working group implements ESG policies and strategy, carry out materiality assessment and prepare the ESG Report. To better prepare the Group for future challenges and opportunities, it is on the Group's agenda to continue enhancing its ESG governance and develop sustainability strategies more comprehensively.

During the Year, ESG online training workshops covering updates of local reporting standards and personal data protection were organised for the staff of the Group.

## BOARD STATEMENT

### ESG Risk Management and Internal Control Systems

The Group considers effective risk management as an integral part of day-to-day operations and sound corporate governance. It is essential for the Group to evaluate risks that may prevent or endanger the achievement of its strategic and business goals, and to identify opportunities ahead. Given the increasing significance of ESG risks, the Group has integrated ESG risk factors into enterprise risk management process. The Group has also established internal controls and a formal review process to ensure that any information presented in this ESG Report is as accurate and reliable as possible.

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

To increase risk awareness among business entities and departments, risk management training sessions were provided to the risk owners of the business entities and departments during the Year.

For further information regarding the Group's risk governance structure, management strategy and major risks identified, please refer to the Risk Management Report.

# Environmental, Social and Governance Report *(continued)*

## BOARD STATEMENT *(continued)*

### Stakeholder Engagement

The Group defines its stakeholders as internal and external groups and individuals who have a significant impact on the Group's businesses, and those who are materially influenced or affected by the Group's businesses.

Key Groups of Stakeholders are shown below:

Internal stakeholders	External stakeholders
<ul style="list-style-type: none"><li>• the Board</li><li>• Senior and middle management</li><li>• General staff</li></ul>	<ul style="list-style-type: none"><li>• Investors</li><li>• Shareholders</li><li>• Suppliers</li><li>• Business partners</li><li>• Auditors</li><li>• Service providers</li><li>• Customers</li><li>• Media</li></ul>

Understanding the needs and expectations of stakeholders enables the Group to formulate strategies that respond to their concerns and manage potential risks. To solicit their feedback, the Group engages its key stakeholders through a range of channels such as meetings, emails, telephone, interviews, visits, website and survey.

The Group believes that stakeholder engagement is a continuous process and will continue to explore different forms of engagement channels in order to strengthen its interaction with stakeholders to create mutually beneficial relationships.

### Materiality Assessment

To ensure the ESG Report addresses the environmental and social issues that are important to the Group and its stakeholders, the independent consultant commissioned by the Group adopted a four-step approach to conduct a materiality assessment.

Step	Outcome
1 Identify relevant issues	<ul style="list-style-type: none"><li>• A list of issues was compiled through reviewing existing and previous engagement results, with reference to local reporting standards.</li><li>• 22 relevant issues were identified in aspects of "Environmental" and "Social".</li></ul>
2 Collect feedback	<ul style="list-style-type: none"><li>• A quantitative online survey was conducted with internal and external stakeholders.</li></ul>
3 Identify material issues	<ul style="list-style-type: none"><li>• The materiality of each relevant issue was assessed by considering its importance to the stakeholders and the Group's impact on the environment and society.</li><li>• Combining some relevant issues, the results of 22 material ESG issues are shown in the table below, together with the aspects of the ESG Reporting Guide to which they relate.</li></ul>
4 Validation	<ul style="list-style-type: none"><li>• The materiality assessment results were presented to the Board and senior management.</li></ul>

# Environmental, Social and Governance Report *(continued)*

## BOARD STATEMENT *(continued)*

### Materiality Assessment *(continued)*

ESG aspects set out in the Reporting Guide	Material ESG issues	Overall ranking
<b>A. Environmental</b>	A1: Emissions	<ul style="list-style-type: none"> <li>Air emissions &amp; Greenhouse gases ("GHG") emissions 19</li> <li>Waste 16</li> </ul>
	A2: Use of resources	<ul style="list-style-type: none"> <li>Energy 19</li> <li>Water 17</li> <li>Wastewater 15</li> <li>Packaging materials 17</li> </ul>
	A3: The environment and natural resources	<ul style="list-style-type: none"> <li>Environmental impact (biodiversity) 21</li> </ul>
	A4: Climate change	<ul style="list-style-type: none"> <li>Climate-related risks 22</li> </ul>
	<b>B. Social</b>	
B1: Employment management system	<ul style="list-style-type: none"> <li>Diversity and equal opportunities 11</li> <li>Fair and competitive remuneration 3</li> <li>Employee relations 5</li> </ul>	
B2: Health and safety	<ul style="list-style-type: none"> <li>Employee health and safety 3</li> </ul>	
B3: Development and training	<ul style="list-style-type: none"> <li>Development and training 9</li> </ul>	
B4: Labour standards	<ul style="list-style-type: none"> <li>Labour standards 12</li> </ul>	
B5: Supply chain management	<ul style="list-style-type: none"> <li>Supply chain management 14</li> </ul>	
B6: Product responsibility	<ul style="list-style-type: none"> <li>Responsible marketing 7</li> <li>Customer communication 9</li> <li>Quality management 5</li> <li>Protection of data privacy 1</li> <li>Protection of intellectual property rights 8</li> </ul>	
B7: Anti-corruption	<ul style="list-style-type: none"> <li>Anti-corruption and whistle-blowing 2</li> </ul>	
B8: Community investment	<ul style="list-style-type: none"> <li>Community investment 13</li> </ul>	

## A. ENVIRONMENTAL

Adhering to the goal of being environmentally responsible, the Group is committed to reducing its negative environmental impacts in its operations. With the Environmental Policy in place, the Group conducts its business in an environmentally conscious manner and identify its material environmental risks and opportunities. All subsidiaries are expected to make ongoing efforts in the management as well as minimisation of their environmental impacts by establishing applicable procedures and practices. The Group's environmental performance is regularly monitored and reviewed to ensure compliance with regulatory requirements and industry standards.

### A1: Emissions

#### *Air emissions*

Key air pollutants included nitrogen oxides, sulphur oxides and respirable suspended particulates, which were emitted by vehicles and yacht. In 2022, nitrogen oxides and sulphur oxides emissions significantly increased, as the Group has increased its diesel consumption.

# Environmental, Social and Governance Report *(continued)*

## A. ENVIRONMENTAL *(continued)*

### A1: Emissions *(continued)*

#### *Air emissions (continued)*

The air emissions data is set out in the table below.

Air emissions	2022	2021 <sup>2</sup>
Nitrogen oxides (kg)	1.02	0.38
Sulphur oxides (kg)	3.08	0.59
Respirable suspended particulates (kg) <sup>1</sup>	0.01	0.03

#### *GHG emissions*

Guidelines for Accounting and Reporting Greenhouse Gas Emissions – China Public Building Operator Units (Enterprises) (Trial) of the PRC, the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong and international standards including ISO 14064-1 and GHG Protocol were referred to during the quantification of GHG emissions.

The total GHG emissions of the Year was 141 tonnes CO<sub>2</sub>-e. The GHG intensity was 0.38 tonnes CO<sub>2</sub>-e/square metre floor area. Scope 2, being the energy indirect GHG emissions, constitutes 29.1% of the total GHG emissions. Scope 1 and Scope 3, being the direct GHG emissions and other indirect GHG emissions, account for 69.3% and 1.6% of the total GHG emissions respectively.

In 2022, Scope 1 emissions increased as the Group has consumed more diesel than in 2021. Scope 2 emissions decreased, as the Group has reduced its electricity consumption.

#### *Emission target*

In an effort to reduce and manage the emissions, preference is given to purchasing office equipment and company vehicles with higher energy efficiency and lower emissions, such as LED lights and electric vehicles. Going forward, the Group will consider the possibility of using the emission data in support of establishing carbon reduction action plan and setting reduction targets. The Group will increase where appropriate the proportion of automatic or motion sensitive lighting or electric devices that can turn off automatically when not in use.

The GHG emissions data is set out in the table below.

GHG emissions	2022	2021
Scope 1: Direct emissions (tonnes of CO <sub>2</sub> -e)	97.8	19.4
Scope 2: Energy indirect emissions (tonnes of CO <sub>2</sub> -e)	41.0	62.0
Scope 3: Other indirect emissions (tonnes of CO <sub>2</sub> -e)	2.2	0
Total GHG emissions (Scope 1, 2 and 3) (tonnes of CO <sub>2</sub> -e)	141.0	81.4
GHG intensity (tonnes of CO <sub>2</sub> -e/m <sup>2</sup> )	0.38	0.22

1. As the calculation methodology was revised, the total emissions of respirable suspended particulates were estimated to have decreased in 2022.

2. Figures of 2021 were revised based on latest data update.

# Environmental, Social and Governance Report *(continued)*

## A. ENVIRONMENTAL *(continued)*

### A1: Emissions *(continued)*

#### Waste

Mindful of its responsibility to manage and reduce the waste it produces, the Group has implemented a set of practices with the following performance.

Practices	Performance
<ul style="list-style-type: none"><li>• Adopt e-communication whenever possible;</li><li>• Practise reuse and recycling in office where feasible;</li><li>• Print double-sided;</li><li>• Reuse one-sided used paper.</li></ul>	<ul style="list-style-type: none"><li>• The Group produced 0.14 tonnes non-hazardous waste and generated minimal quantities of hazardous waste during the Year. Non-hazardous waste intensity was 0.01 tonnes/employee.</li><li>• Major non-hazardous waste produced across the Group's operations are domestic solid waste from offices. All are disposed of by authorised vendors in accordance with applicable environmental regulations.</li></ul>

Hazardous waste is not material to our business operations. The non-hazardous waste data is set out in the table below. The non-hazardous waste of the Year maintained the same level as last Year.

Waste <sup>3</sup>	2022	2021
Non-hazardous waste (tonnes)	0.14	0.17
Non-hazardous waste intensity (tonnes/employee)	0.01	0.01

#### Reduction target

Going forward, the Group will monitor non-hazardous waste with the following actions:

- Separate waste for recycling according to the types of waste.
- Dispose of different kinds of waste in designated places.

3. Including Beijing Lippo and Chengdu Lippo only.

# Environmental, Social and Governance Report *(continued)*

## A. ENVIRONMENTAL *(continued)*

### A2: Use of Resources

#### *Energy*

Improving operational energy efficiency is a fundamental strategy to reduce energy consumption and associated GHG emissions. In 2022, the use of petrol was decreased, as some subsidiaries did not use petrol. Beijing Lippo changed its relevant businesses to online businesses during COVID-19 pandemic. The energy consumption increased as the Group has consumed more diesel in 2022 than that of 2021.

To conserve energy, a series of energy-efficiency initiatives have been implemented across the subsidiaries:

- Automatic lighting controls on a set schedule to save energy during non-business hours;
- Set thermostat of air conditioner to optimal temperature that balances employee comfort and energy use;
- Perform regular cleaning and maintenance of air-conditioning systems; and
- Give priority to energy efficient electrical appliances and LED lights when there is need for replacement.

The energy consumption data is set out in the table below:

Energy consumption		2022	2021 <sup>4</sup>
Direct energy	Petrol (MWh)	0	15.3
	Diesel (MWh)	203.8	29.9
Indirect energy	Electricity (MWh)	91.5	142.6
Total energy consumption (MWh)		295.3	187.8
Energy intensity (MWh/m <sup>2</sup> )		0.80	0.51

#### *Energy use efficiency target*

Going forward, the Group will seek to reduce energy consumption and emission with the following actions:

- Further encourage our staff to implement energy saving in daily operations;
- Conduct energy/carbon audits regularly.

4. Figures of 2021 were revised based on latest data update.

# Environmental, Social and Governance Report *(continued)*

## A. ENVIRONMENTAL *(continued)*

### A2: Use of Resources *(continued)*

#### *Water*

The Group sourced water from the municipal supply and faced no issue in sourcing water fit for purpose. To reduce water consumption, water efficient taps with lower flow rate are installed and regular maintenance of water supply system are performed.

The water consumption data is set out in the table below:

Water consumption <sup>5</sup>	2022	2021
Total water consumption (m <sup>3</sup> )	233.4	235.1
Water intensity (m <sup>3</sup> /employee)	33.3	39.2

#### *Water efficiency target*

The Group will seek to conserve water resources and avoid unnecessary consumption with the following actions:

- Further encourage employees to practice water conservation in daily operations;
- Prevent or minimise water leakage.

#### *Packaging material*

Due to the business nature of the Group, packaging material is considered not material.

### A3: The Environment and Natural Resources

#### *Other environmental impacts*

In addition to the emissions and resource use disclosed hereinabove, the nature of the Group's operation does not have any significant impact on the environment and natural resources. Moving forward, the Group will constantly be working to reduce the consumption of energy, water and other natural resources across its operations and to use environmentally friendly products and services whenever possible.

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

5. Included Chengdu Lippo and Fairseas only. Only employees in Chengdu Lippo and Fairseas were calculated for water intensity. Other subsidiaries were operated in leased premises with the supply of water controlled by building management and no sub-metering for individual occupants.

# Environmental, Social and Governance Report *(continued)*

## A. ENVIRONMENTAL *(continued)*

### A4: Climate Change

The property operations of the Group have conducted preliminary climate risk assessment and recognised the following risks arising from climate change:

- Increase in severity and frequency of storm, flood, draught and/or other extreme weather phenomena and their damage;
- Increase in business disruption and outage of utilities supply;
- Increase in operating costs (higher prices for materials, labour, energy and water, higher insurance premium, etc.);
- Increase in threats to workforce health and safety.

The higher risk of damage to network facilities due to climate change could impact the Group's ability to maintain operation and/or cause loss of critical data and/or information. The Group has implemented environmental policy to reduce the risks. The Group has also implemented the following measures:

- Performance of periodic system backup;
- Establishment of business continuity plan covering various disaster scenarios;
- Arrangement for appropriate insurance coverage for various disaster scenarios.

## B. SOCIAL

As a responsible corporate citizen, the Group is committed to upholding business ethics and standards of quality products and services. Its commitment and approach are underlined in the following Group's policies:

- Human Resources Policy
- Sustainable Supply Chain Policy
- Product and Service Responsibility Policy
- Anti-corruption Policy
- Whistleblowing Policy
- Donation Policy

# Environmental, Social and Governance Report *(continued)*

## B. SOCIAL *(continued)*

### B1: Employment Management System

A sound employment system is the first step in maintaining a pool of talented employees. The Group aims to create a motivating, impartial, harmonious and safe working environment, as stated in the Human Resources Policy. Employment policies and procedures list guidelines and provisions such as recruitment, promotion, dismissal, hours of work, rest periods, overtime, compensation and other benefits and welfare.

#### *Diversity and equal opportunities*

The Human Resources Policy emphasises the importance of employee diversity and equal opportunities. Employees are given equal access to opportunities regardless of their age, gender, marital status, pregnancy, sexual orientation, family status, disability, politics, race, nationality or religion. Recruitment, compensation, rewards and promotion are based on employees' performance, aptitude and potential.

#### *Fair and competitive remuneration*

The Group enhances employees' well-being by offering comprehensive welfare and benefits. A number of benefits are covered in the Group's remuneration package, such as paid marriage leave, medical and compassionate leave, annual leave, healthcare and life insurance, retirement benefits and training subsidies.

#### *Employee relations*

Employees are free to voice out any concerns and complaints to their direct supervisors and managers, the Human Resources Department, the General Manager or the Chief Executive Officer as appropriate through various communication channels. All feedback and complaints received will be handled with confidentiality.

# Environmental, Social and Governance Report *(continued)*

## B. SOCIAL *(continued)*

### B1: Employment Management System *(continued)*

*Employee relations (continued)*

The employment data is set out below.

Indicators	Unit	2022	2021
Number of employees	No.	36	36
<b>By gender</b>			
Female	No.	20	21
Male	No.	16	15
<b>By age group</b>			
Below 30	No.	3	1
30 to 50	No.	14	15
Over 50	No.	19	20
<b>By region</b>			
Hong Kong	No.	17	17
Singapore	No.	8	8
Mainland China	No.	11	11
<b>By employment type</b>			
Full-time	No.	35	35
Part-time	No.	1	1
<b>By employee category</b>			
Management	No.	11	10
Other employees	No.	25	26

*Turnover Rate<sup>6</sup>*

Indicators	Unit	2022	2021
<b>By gender</b>			
Female	No. (%)	4 (20%)	2 (13%)
Male	No. (%)	1 (6%)	0 (0%)
<b>By age group</b>			
Below 30	No. (%)	0 (0%)	1 (100%)
30 to 50	No. (%)	2 (14%)	1 (7%)
Over 50	No. (%)	3 (16%)	0 (0%)
<b>By region</b>			
Hong Kong	No. (%)	2 (12%)	2 (12%)
Singapore	No. (%)	3 (38%)	0 (0%)
Mainland China	No. (%)	0 (0%)	0 (0%)

6. Turnover rate = Employees in the specified category leaving employment/Number of employees in the specified category.

# Environmental, Social and Governance Report *(continued)*

## B. SOCIAL *(continued)*

### B2: Employee Health and Safety

The Group cares about its employees and makes health and safety a priority to the Group's operations. As underlined in its Human Resources Policy, the Group's overall goal is to minimise risks related to employees' health and safety and to protect them from occupational hazards.

For the property investment and development business, fire drills are regularly held to better prepare employees in emergencies to ensure that they can efficiently identify and mitigate potential risks in the event of a fire. First aid kits are also provided at offices in the event of an accident. For subsidiaries located in poorer air quality regions such as Beijing Lippo, personal desktop air cleaners are provided to employees to minimise health risks related to respiratory system.

In the midst of the Pandemic, the Group has been caring for the health and safety of its employees and providing free surgical masks to them. It has implemented work-from-home and flexible working hours arrangements for the employees as appropriate. It has also sourced suppliers of surgical masks and disinfection products for the employees and placed orders for them. Offices are regularly sanitised and equipped with adequate disinfection and hygiene supplies for the employees.

There are no relevant laws and regulations in relation to health and safety that have a significant impact on the Group. During the Year, the Group did not identify any cases of non-compliance in relation to health and safety.

#### *Work-related fatality and injury*

Indicators	Unit	2022	2021
Work-related fatalities <sup>7</sup>	No.	0	0
Reportable work-related injuries	No.	0	0
Work-related injury rate <sup>8</sup> (per 100 workforce)	rate	0	0
Lost days due to work injury	No.	0	0

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

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

# Environmental, Social and Governance Report *(continued)*

## B. SOCIAL *(continued)*

### B3: Development and Training

The key to unleashing employee potential lies in establishing the right processes to support employees. In line with the Human Resources Policy, the Group supports employees to seek a variety of learning and development opportunities to acquire knowledge and skills for career growth. Divisions and departments nurture their staff through formulating work plans and providing day-to-day guidance. Employee performance is assessed against different performance indices and goals. An annual performance appraisal is performed to deliver feedback, identify individual development needs and address any performance concerns. Promotion is based on employees' performance, aptitude and potential to make future contributions in line with the Group's development.

*Number and percentage of employees trained<sup>9</sup>*

Indicators	Unit	2022	2021
<b>By gender</b>			
Female	No. (%)	3 (15%)	4 (19%)
Male	No. (%)	4 (25%)	3 (20%)
<b>By employee category</b>			
Management (Female)	No. (%)	0 (0%)	0 (0%)
Management (Male)	No. (%)	1 (14%)	1 (17%)
Other employees (Female)	No. (%)	3 (19%)	4 (24%)
Other employees (Male)	No. (%)	3 (33%)	2 (22%)

*Average training hours<sup>10</sup>*

Indicators	Unit	2022	2021
<b>By gender</b>			
Female	hours	8.7	7.7
Male	hours	25.0	10.3
<b>By employee category</b>			
Management (Female)	hours	0	0
Management (Male)	hours	19.0	13.0
Other employees (Female)	hours	8.7	7.7
Other employees (Male)	hours	27.0	9.0

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

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

# Environmental, Social and Governance Report *(continued)*

## B. SOCIAL *(continued)*

### B4: Labour Standards

The Group respects human rights and strictly prohibits any form of child and forced labour, as stated in the Human Resources Policy. The Group has also established effective systems and controls across its operation. To ensure the Group to comply with local rules and regulations, during the recruitment process, a suitable candidate is selected and assessed based on the identity document, academic background, talent, age, experience and other applicable merits.

There are no relevant laws and regulations in relation to health and safety, employment and labour standards that have a significant impact on the Group. During the Year, the Group did not identify any non-compliance cases regarding health and safety, employment, child labour and forced labour.

### B5: Supply Chain Management

The Group is committed to enhance its supply chain management to build a more sustainable supply chain. The Sustainable Supply Chain Policy highlights its commitment and expectations on suppliers. Subsidiaries are expected to implement procurement practices in line with the Group's policy and other procurement policies that governs daily operations.

To manage the social and environmental risks in its supply chain, the Group defines in its policy the environmental and social factors that should be considered in the supplier selection and monitoring processes. Priority should be given to the supplier with better credentials or merits under the four pillars below, considering potential suppliers meet all other requirements. Subsidiaries are expected to perform on-going monitoring and regular review of the relevant performance of suppliers.

Pillars	Consideration of credentials or merits achieved by suppliers
Business ethics	<ul style="list-style-type: none"><li>• Formulation of business code of conduct, policies related to regulatory compliance and policies related to the protection of employee rights, awards or accreditation obtained</li><li>• Compliance with laws and regulations related to business ethics, environment and social responsibility</li></ul>
Product/service safety and quality	<ul style="list-style-type: none"><li>• Quality management system, assurance function, awards or accreditation obtained</li></ul>
Work health and safety	<ul style="list-style-type: none"><li>• Safe working environment, health and safety management system, policy, training, record of incident rate and awards achieved related to health and safety</li></ul>
Environmental management	<ul style="list-style-type: none"><li>• Environmental management system, policy and awards achieved</li></ul>

## Environmental, Social and Governance Report *(continued)*

### B. SOCIAL *(continued)*

#### B5: Supply Chain Management *(continued)*

To uphold values for social responsibility, the Group encourages subsidiaries to invite local suppliers to participate in the selection process and consider small firms, voluntary, community service and ethnic minority organisations and/or social enterprises as potential suppliers, as far as practicable. Subsidiaries are also suggested to consider purchasing environmentally friendly products and services whenever feasible.

The Group has no major suppliers. Therefore, there is no breakdown of supplier by geographical region. The Group will continue to enforce these standards and explore possibilities in improving the approach to identify and manage potential environmental and social impacts across its supply chain.

#### B6: Product Responsibility

The Group's Product and Service Responsibility Policy defines its commitment with regard to maintaining the safety and quality of its products and services, customer feedback and product recall, advertising and labelling, as well as protection of customer data and intellectual property.

##### *Responsibility marketing and customer communication*

The Group recognises the importance of responsibly advertising and labelling its products and services to help customer make informed choice. As stated in the Product and Service Responsibility Policy, the Group seeks to protect customer interest by promoting and advertising its products and services in ways that do not mislead customers. Information on products and services disclosed should also be adequate and reliable. Due to the business nature of the Group, no product related complaint was received and recall for safety and health reasons are considered not material.

To enhance customer satisfaction, subsidiaries are required to establish appropriate feedback channels and mechanisms to solicit and respond to customer concerns and feedback. Subsidiaries such as Chengdu Lippo conduct visits to their tenants to collect their feedback and identify ways to improve their products and services.

There are no relevant laws and regulations in relation to product responsibility that have a significant impact on the Group. During the Year, the Group did not identify any non-compliance or complaint in relation to product responsibility.

##### *Quality management*

The Group cares about the potential impacts of its products and services on its customers. To ensure the products and services offered are safe and reliable, subsidiaries are required to follow the Group's Product and Service Responsibility Policy and other specific policies and procedures. To ensure the safety and quality of products and services offered by the suppliers, it is expected to maintain on-going monitoring and regular review of supplier performance and communicate with suppliers to identify any safety and quality concerns. In the event of any safety and quality issues, suppliers are requested to report, investigate and respond as soon as possible, and to recall products as appropriate.

To take care of the health of tenants, subsidiaries are expected to establish facility hygiene requirements and maintain pest control. In the operations of property management, the property management companies engaged by subsidiaries provide regular maintenance of equipment and fixtures in the buildings, safety and security for tenants, and fire and emergency surveillance. For property development, the Group did not have any ongoing property project under development during the Year.

# Environmental, Social and Governance Report *(continued)*

## B. SOCIAL *(continued)*

### B6: Product Responsibility *(continued)*

#### *Protection of data privacy and intellectual property rights*

The Group respects customer privacy and intellectual property rights of any third-party. The Product and Service Responsibility Policy defines the guiding principles on safeguarding customer data and intellectual property of third-parties. Employees are required to follow the policy and comply with applicable laws and regulations when handling such information. The Group only collects and keeps information of its business partners, customers and tenants that is necessary in its business activities. Consent from the relevant stakeholders is obtained for data collection. To preserve the confidentiality of the data, the Group ensures that only authorised persons have access to such information. Important data are encrypted and regular data backup is performed.

### B7: Anti-corruption

Honesty, integrity and fair play have always been the Group's core values. With these core values in mind, the Group is strongly against bribery, extortion, fraud and money laundering. The Anti-corruption Policy guides directors and staff in circumstances such as acceptance of advantage and handling of conflict of interest.

According to the Group's Whistleblowing Policy, a whistleblower should report any suspected misconduct, malpractice or irregularity to his/her manager or head of department, and even directly to the Group Internal Audit Department ("GIA"), the Chief Executive Officer of the Company or the Audit Committee (as the case may be). The Audit Committee and the GIA assess and investigate reports if received. The process is kept confidential and the whistleblower is protected against unfair dismissal, victimisation or unwarranted disciplinary action. For effective monitoring and implementation, the Whistleblowing Policy is reviewed periodically by the head of the GIA.

There are no relevant laws and regulations in relation to corruption that have a significant impact on the Group. During the Year, the Group did not identify any cases of non-compliance in relation to corruption or whistleblowing nor was there any concluded legal case regarding corruption practices brought against it or its employees.

### B8: Community Investment

The Group aspires to understand and meet the needs of local communities and reducing the impacts of its operations on the surroundings. With guidance from the Donation Policy, the Group aims to promote and support the development of the communities in the form of philanthropic donations. The focus areas of contribution continue to include a wide array of aspects, ranging over education, sickness and disability relief, poverty alleviation, disaster aid and religious pursuit. During the Year, the Group made charitable and other donations of HK\$780,000.

The Group will carry on with its endeavour in community engagement and leverage its network and influence in community investment initiatives to fulfil its corporate social responsibility as a corporate citizen.

# Independent Auditor's Report



## To the shareholders of Hongkong Chinese Limited

*(Incorporated in Bermuda with limited liability)*

### OPINION

We have audited the consolidated financial statements of Hongkong Chinese Limited (the "Company") and its subsidiaries (the "Group") set out on pages 64 to 146, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

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

# Independent Auditor's Report *(continued)*

## KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Impairment assessment of interest in a joint venture</i></b></p> <p>The carrying amount of the Group's interests in joint ventures amounted to HK\$10,474 million as at 31 December 2022. The interests in joint ventures were stated at the Group's share of net assets under the equity method of accounting, less any impairment losses at the end of each reporting period.</p> <p>The carrying amount of the Group's interest in Lippo ASM Asia Property Limited ("LAAPL"), a material joint venture of the Group, amounted to HK\$10,328 million as at 31 December 2022. LAAPL has a controlling interest in OUE Limited ("OUE"), a listed company in Singapore. OUE is a pan-Asian, full service real estate development, investment and management company with assets across the commercial, hospitality, retail, residential, healthcare and consumer sectors.</p> <p>The impairment assessment of the Group's interest in LAAPL and its subsidiaries is significant to our audit due to (i) the significance of the carrying amount as at 31 December 2022; and (ii) the determination of the recoverable amount of the interest in LAAPL requires significant management's judgement and estimate.</p> <p>Related disclosures are included in Notes 3 and 19 to the consolidated financial statements.</p>	<p>We assessed management's process for identifying the objective evidence of impairment in respect of the interest in LAAPL. We evaluated and tested the assumptions and methodologies used by management in the determination of the recoverable amount. We assessed the cash flow projection of LAAPL by making reference to its historical financial performance. For the discount rate applied to the cash flow projection, we assessed the inputs used to determine the rate with reference to market data. We involved our internal valuation specialists to assist us in assessing the discount rate adopted in the cash flow projection.</p>
<p><b><i>Fair value of investment properties</i></b></p> <p>As at 31 December 2022, investment properties measured at fair values amounted to HK\$139 million, with a corresponding fair value loss of HK\$5 million recognised in profit or loss. The valuation process is inherently subjective and dependent on a number of estimates. The Group has engaged independent professional valuers to perform the valuation of the investment properties.</p> <p>Related disclosures are included in Notes 3 and 16 to the consolidated financial statements.</p>	<p>We considered the objectivity, independence and competency of the valuers. We assessed the valuation methodologies adopted and assumptions used by the valuers, and performed market value benchmarking against comparable properties. We involved our internal valuation specialists to assist us in evaluating the methodologies adopted and the assumptions used by the valuers for the valuation of investment properties held by the Group.</p>

## **Independent Auditor's Report** *(continued)*

### **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

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

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

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

### **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

## Independent Auditor's Report *(continued)*

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

## **Independent Auditor's Report** *(continued)*

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

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

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

#### **Ernst & Young**

*Certified Public Accountants*

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

30 March 2023

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>	5	<b>71,773</b>	81,090
Cost of sales	7	<b>(1,748)</b>	(4,340)
<b>Gross profit</b>		<b>70,025</b>	76,750
Administrative expenses		<b>(33,582)</b>	(39,217)
Other operating expenses	7	<b>(20,239)</b>	(19,332)
Other gains/(losses) — net	6	<b>15,418</b>	(3,346)
Finance costs	10	<b>(11,096)</b>	(12,173)
Share of results of associates		<b>(79,650)</b>	18,473
Share of results of joint ventures	11	<b>550,340</b>	633,031
<b>Profit before tax</b>	7	<b>491,216</b>	654,186
Income tax	12	<b>(3,572)</b>	15,679
<b>Profit for the year</b>		<b>487,644</b>	669,865
<b>Attributable to:</b>			
Equity holders of the Company		<b>488,768</b>	670,303
Non-controlling interests		<b>(1,124)</b>	(438)
		<b>487,644</b>	669,865
<b>Earnings per share attributable to equity holders of the Company</b>		<b>HK cents</b>	HK cents
Basic and diluted	13	<b>24.5</b>	33.5

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Profit for the year</b>		<b>487,644</b>	669,865
<b>Other comprehensive income/(loss)</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>(17,705)</b>	(5,456)
Exchange differences reclassified to profit or loss upon:			
Liquidation of foreign operations	6	<b>(21,689)</b>	220
Disposal of foreign associates		–	1,478
Share of other comprehensive income/(loss) of joint ventures:			
Exchange differences on translation of foreign operations		<b>(662,884)</b>	(21,151)
Other reserve		<b>22,287</b>	55,426
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax		<b>(679,991)</b>	30,517
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		<b>(10)</b>	(2)
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures		<b>(421,980)</b>	(178,761)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax		<b>(421,990)</b>	(178,763)
Other comprehensive loss for the year, net of tax		<b>(1,101,981)</b>	(148,246)
<b>Total comprehensive income/(loss) for the year</b>		<b>(614,337)</b>	521,619
<b>Attributable to:</b>			
Equity holders of the Company		<b>(611,548)</b>	521,474
Non-controlling interests		<b>(2,789)</b>	145
		<b>(614,337)</b>	521,619

# Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>			
Fixed assets	15	12,268	17,207
Investment properties	16	139,395	151,491
Right-of-use assets	17(a)	529	240
Interests in associates	18	287,649	365,888
Interests in joint ventures	19	10,474,432	10,789,640
Financial assets at fair value through other comprehensive income	20	73	91
Financial assets at fair value through profit or loss	21	3,050	3,100
		<b>10,917,396</b>	11,327,657
<b>Current assets</b>			
Properties held for sale		65,787	69,663
Properties under development	22	25,081	28,471
Loans and advances	23	–	8,210
Debtors, prepayments and other assets	24	4,219	3,189
Financial assets at fair value through profit or loss	21	311	10,684
Tax recoverable		512	157
Cash and cash equivalents		207,373	122,211
		<b>303,283</b>	242,585
<b>Current liabilities</b>			
Lease liabilities	17(b)	265	251
Other payables, accruals and other liabilities		22,507	26,309
Tax payable		30,524	34,731
		<b>53,296</b>	61,291
<b>Net current assets</b>		<b>249,987</b>	181,294
<b>Total assets less current liabilities</b>		<b>11,167,383</b>	11,508,951

## Consolidated Statement of Financial Position *(continued)*

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Non-current liabilities</b>			
Bank loans	25	456,111	272,556
Lease liabilities	17(b)	265	–
Deferred tax liabilities	26	13,288	15,572
		<b>469,664</b>	288,128
<b>Net assets</b>			
		<b>10,697,719</b>	11,220,823
<b>Equity</b>			
Equity attributable to equity holders of the Company			
Share capital	27	1,998,280	1,998,280
Reserves	28	8,682,066	9,202,381
		<b>10,680,346</b>	11,200,661
Non-controlling interests		17,373	20,162
		<b>10,697,719</b>	11,220,823

**John Luen Wai Lee**  
Director

**Stephen Riady**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to equity holders of the Company									
	Share capital	Share premium account	Capital redemption reserve (Note 28(b))	Fair value reserve of financial assets at FVOCI*	Hedging reserve (Note 28(c))	Exchange equalisation reserve	Distributable reserves (Note 28(b))	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022	1,998,280	92,775	22,144	(173,552)	(16,326)	667,559	8,609,781	11,200,661	20,162	11,220,823
Profit/(Loss) for the year	-	-	-	-	-	-	488,768	488,768	(1,124)	487,644
Other comprehensive income/(loss) for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(16,040)	-	(16,040)	(1,665)	(17,705)
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	-	-	-	-	-	(21,689)	-	(21,689)	-	(21,689)
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	(10)	-	-	-	(10)	-	(10)
Share of other comprehensive income/(loss) of joint ventures	-	-	-	(421,980)	22,287	(662,884)	-	(1,062,577)	-	(1,062,577)
Total comprehensive income/(loss) for the year	-	-	-	(421,990)	22,287	(700,613)	488,768	(611,548)	(2,789)	(614,337)
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	136,195	136,195	-	136,195
Transfer of reserve of joint ventures	-	-	-	(19,477)	-	-	19,477	-	-	-
2021 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(24,979)	(24,979)	-	(24,979)
2022 interim dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(19,983)	(19,983)	-	(19,983)
<b>At 31 December 2022</b>	<b>1,998,280</b>	<b>92,775</b>	<b>22,144</b>	<b>(615,019)</b>	<b>5,961</b>	<b>(33,054)</b>	<b>9,209,259</b>	<b>10,680,346</b>	<b>17,373</b>	<b>10,697,719</b>
At 1 January 2021	1,998,280	92,775	22,144	24,950	(71,752)	693,051	7,908,291	10,667,739	20,017	10,687,756
Profit/(Loss) for the year	-	-	-	-	-	-	670,303	670,303	(438)	669,865
Other comprehensive income/(loss) for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(6,039)	-	(6,039)	583	(5,456)
Exchange differences reclassified to profit or loss upon:										
Liquidation of foreign operations	-	-	-	-	-	220	-	220	-	220
Disposal of foreign associates	-	-	-	-	-	1,478	-	1,478	-	1,478
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	(2)	-	-	-	(2)	-	(2)
Share of other comprehensive income/(loss) of joint ventures	-	-	-	(178,761)	55,426	(21,151)	-	(144,486)	-	(144,486)
Total comprehensive income/(loss) for the year	-	-	-	(178,763)	55,426	(25,492)	670,303	521,474	145	521,619
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	26,435	26,435	-	26,435
Transfer of reserve of joint ventures	-	-	-	(19,739)	-	-	19,739	-	-	-
2020 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(14,987)	(14,987)	-	(14,987)
At 31 December 2021	1,998,280	92,775	22,144	(173,552)	(16,326)	667,559	8,609,781	11,200,661	20,162	11,220,823

\* FVOCI stands for fair value through other comprehensive income.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Cash flows from operating activities</b>			
Cash used in operations	30(a)	(27,828)	(42,759)
Interest received		634	583
Dividends received from:			
An associate		–	57,716
A joint venture		–	2,644
Investments		489	614
Taxes paid:			
Hong Kong		(6,732)	(5,243)
Mainland China and overseas		(389)	(293)
Net cash flows from/(used in) operating activities		(33,826)	13,262
<b>Cash flows from investing activities</b>			
Proceeds from disposal of associates		–	10
Payments to acquire fixed assets		(762)	(540)
Advances to an associate		(995)	–
Advances to joint ventures		–	(40,792)
Net cash flows used in investing activities		(1,757)	(41,322)
<b>Cash flows from financing activities</b>			
Drawdown of bank borrowings		180,000	330,000
Repayment of bank and other borrowings		–	(325,000)
Principal portion of lease payments		(254)	(263)
Finance costs paid		(7,436)	(20,029)
Dividends paid to shareholders of the Company		(44,962)	(34,970)
Net cash flows from/(used in) financing activities		127,348	(50,262)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>91,765</b>	<b>(78,322)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>122,211</b>	<b>198,489</b>
Exchange realignments		(6,603)	2,044
<b>Cash and cash equivalents at end of year</b>		<b>207,373</b>	<b>122,211</b>

# Notes to the Financial Statements

## 1. CORPORATE AND GROUP INFORMATION

Hongkong Chinese Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM 11, Bermuda.

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

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

Details of the principal subsidiaries are set out on pages 142 to 144.

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand ("HK\$'000") except when otherwise indicated.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

## Notes to the Financial Statements *(continued)*

### 2.1 BASIS OF PREPARATION *(continued)*

#### **Basis of consolidation** *(continued)*

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or distributable reserves, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## Notes to the Financial Statements *(continued)*

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year'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 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.

## Notes to the Financial Statements *(continued)*

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

*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.

### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16 HKFRS 17	<i>Lease Liability in a Sale and Leaseback</i> <sup>2</sup> <i>Insurance Contracts</i> <sup>1</sup>
Amendments to HKFRS 17 Amendment to HKFRS 17	<i>Insurance Contracts</i> <sup>1, 5</sup> <i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i> <sup>6</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> <sup>2, 4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> <sup>1</sup>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> <sup>1</sup>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

<sup>5</sup> As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

<sup>6</sup> An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

## Notes to the Financial Statements *(continued)*

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

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

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

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

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

## Notes to the Financial Statements *(continued)*

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

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Interests in associates and joint ventures

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

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

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

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

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **(b) Business combinations and goodwill**

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

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

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **(b) Business combinations and goodwill *(continued)***

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

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

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

#### **(c) Fair value measurement**

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

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

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (c) Fair value measurement *(continued)*

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

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

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

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

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

#### (d) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, contract assets, deferred tax assets, investment properties, properties under development and properties held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. In testing a CGU for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of CGUs.

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

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (e) Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (f) Fixed assets and depreciation

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

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

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

Leasehold improvements	Over the unexpired terms of the leases or 25% to 33 $\frac{1}{3}$ %, whichever is shorter
Furniture, fixtures and equipment	10% to 33 $\frac{1}{3}$ %
Motor vehicles	20% to 25%
Yacht	10%

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

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **(g) Investment properties**

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. When fair value is not reliably determinable for a property under development, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably determinable.

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

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

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

#### **(h) Leases**

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

##### *Group as a lessee*

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

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (h) Leases *(continued)*

##### *Group as a lessee (continued)*

##### (i) Right-of-use assets

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

Leasehold land and buildings	2 to 3 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "Properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "Investment properties".

##### (ii) Lease liabilities

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

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (h) Leases *(continued)*

##### *Group as a lessee (continued)*

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

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

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

##### *Group as a lessor*

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

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

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

#### (i) Investments and other financial assets

##### *Initial recognition and measurement*

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

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (i) Investments and other financial assets *(continued)*

##### *Initial recognition and measurement (continued)*

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

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

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

##### *Subsequent measurement*

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

##### *Financial assets at amortised cost (debt instruments)*

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

##### *Financial assets at FVOCI (debt instruments)*

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (i) Investments and other financial assets *(continued)*

*Subsequent measurement (continued)*

*Financial assets designated at FVOCI (equity investments)*

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as revenue in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at FVOCI are not subject to impairment assessment.

*Financial assets at FVPL*

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on equity investments classified as financial assets at FVPL are also recognised as revenue in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

#### (j) Derecognition of financial assets

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

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

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (j) Derecognition of financial assets *(continued)*

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

#### (k) Impairment of financial assets

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

##### *General approach*

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

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

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

For debt investments at FVOCI, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. It is the Group’s policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECLs.

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **(k) Impairment of financial assets** *(continued)*

##### *General approach (continued)*

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

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

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

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

##### *Simplified approach*

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

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

#### **(l) Financial liabilities**

##### *Initial recognition and measurement*

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

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

The Group's financial liabilities include financial liabilities included in creditors, accruals and other liabilities and bank loans.

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (l) **Financial liabilities** *(continued)*

##### *Subsequent measurement*

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

##### *Financial liabilities at FVPL*

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

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

Financial liabilities designated upon initial recognition as at FVPL are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at FVPL are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

##### *Financial liabilities at amortised cost (loans and borrowings)*

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

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

#### (m) **Derecognition of financial liabilities**

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

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

#### (n) **Offsetting of financial instruments**

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (o) Derivative financial instruments

##### *Initial recognition and subsequent measurement*

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

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

##### *Current versus non-current classification*

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows). Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

#### (p) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value which is determined by reference to prevailing market prices, on an individual property basis.

#### (q) Properties under development

Properties under development intended for sale are classified as current assets and stated at the lower of cost and net realisable value. Properties being constructed or developed as investment properties are classified as investment properties and accounted for in accordance with the policy stated under "Investment properties". Other properties under development are stated at cost less any impairment losses. Costs comprise the cost of land, development expenditure, other attributable costs and borrowing costs capitalised. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### (r) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks, demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (s) Provisions

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

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

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

#### (t) Income tax

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

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

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

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

- (i) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of taxable temporary differences associated with interests in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **(t) Income tax** *(continued)*

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

- (i) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of deductible temporary differences associated with interests in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

#### **(u) Revenue recognition**

##### *Revenue from contracts with customers*

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

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (u) Revenue recognition *(continued)*

##### *Revenue from contracts with customers (continued)*

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

##### (i) Sale of properties

Revenue from the sale of properties is recognised at the point in time when control of the properties is transferred to the customers. Deposits received from purchasers prior to revenue recognition are accounted for as deposits received.

##### (ii) Provision of project management services

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

##### *Revenue from other sources*

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

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

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

#### (v) Employee benefits

##### *Paid leave entitlement*

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

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (v) Employee benefits *(continued)*

##### *Retirement benefits*

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

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

The Singapore companies in the Group make contributions to the Central Provident Fund Scheme ("CPF") in Singapore, a defined contribution pension scheme. Contributions to the CPF are recognised as an expense in the statement of profit or loss in the period in which the related service is performed.

#### (w) Borrowing costs

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

#### (x) Dividends and distributions

Final dividends and distributions are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends and distributions are simultaneously proposed and declared, because the Company's memorandum of association and bye-laws grant the Directors the authority to declare interim dividends and distributions. Consequently, interim dividends and distributions are recognised immediately as a liability when they are proposed and declared.

## Notes to the Financial Statements *(continued)*

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **(y) Foreign currencies**

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

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

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

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

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

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

## Notes to the Financial Statements *(continued)*

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

#### (a) Judgements

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

##### *Property lease classification — Group as lessor*

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

##### *Classification between investment properties and owner-occupied properties*

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

## Notes to the Financial Statements *(continued)*

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

#### (b) Estimation uncertainty

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

##### *Estimation of fair value of investment properties*

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

- (i) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (ii) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 31 December 2022 was HK\$139,395,000 (2021 — HK\$151,491,000). Further details are disclosed in Note 16 to the financial statements.

##### *Impairment of non-financial assets*

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

After applying the equity method, the Group assesses whether there is any objective evidence of impairment for the interests in joint ventures. The interests in joint ventures are tested for impairment when there is objective evidence of impairment. The carrying amount of interests in joint ventures as at 31 December 2022 was HK\$10,474,432,000 (2021 — HK\$10,789,640,000). Further details are disclosed in Note 19 to the financial statements.

## Notes to the Financial Statements *(continued)*

### 4. SEGMENT INFORMATION

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

- (a) the property investment segment includes investments relating to the letting and resale of properties;
- (b) the property development segment includes the development and sale of properties;
- (c) the treasury investment segment includes investments in money markets;
- (d) the securities investment segment includes investments in securities that are held for trading and for long-term strategic purposes; and
- (e) the “other” segment comprises principally the provision of project management services.

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

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

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

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

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

## Notes to the Financial Statements *(continued)*

### 4. SEGMENT INFORMATION *(continued)*

Year ended 31 December 2022

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000
<b>Revenue — external</b>	<b>68,611</b>	<b>–</b>	<b>634</b>	<b>489</b>	<b>2,039</b>	<b>71,773</b>
<b>Segment results</b>	<b>46,954</b>	<b>16,771</b>	<b>634</b>	<b>(1,114)</b>	<b>(2,168)</b>	<b>61,077</b>
Unallocated corporate expenses						(40,551)
Share of results of associates	–	(79,650)	–	–	–	(79,650)
Share of results of joint ventures	550,340	–	–	–	–	550,340
Profit before tax						491,216
<b>Segment assets</b>	<b>175,345</b>	<b>79,021</b>	<b>186,648</b>	<b>3,434</b>	<b>616</b>	<b>445,064</b>
Interests in associates	7,180	280,469	–	–	–	287,649
Interests in joint ventures	10,474,432	–	–	–	–	10,474,432
Unallocated assets						13,534
Total assets						11,220,679
<b>Segment liabilities</b>	<b>460,364</b>	<b>9,403</b>	<b>–</b>	<b>–</b>	<b>604</b>	<b>470,371</b>
Unallocated liabilities						52,589
Total liabilities						522,960
<b>Other segment information:</b>						
Depreciation	(131)	–	–	–	(253)	(384)
Interest income	60,834	–	634	–	192	61,660
Finance costs	(11,091)	–	–	–	(5)	(11,096)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	–	22,055	–	–	–	22,055
Write-back of provisions/(Provisions) for impairment losses on:						
Properties held for sale	1,018	–	–	–	–	1,018
Properties under development	–	(118)	–	–	–	(118)
Net fair value loss on financial instruments at fair value through profit or loss	–	–	–	(1,522)	–	(1,522)
Net fair value loss on investment properties	(4,862)	–	–	–	–	(4,862)
Unallocated:						
Capital expenditure (Note)						762
Depreciation						(5,531)
Loss on disposal of fixed assets						(1)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations						(366)

## Notes to the Financial Statements *(continued)*

### 4. SEGMENT INFORMATION *(continued)*

Year ended 31 December 2021

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000
<b>Revenue — external</b>	69,693	7,490	385	614	2,908	81,090
<b>Segment results</b>	48,266	(473)	385	1,827	(2,251)	47,754
Unallocated corporate expenses						(45,072)
Share of results of associates	–	18,473	–	–	–	18,473
Share of results of joint ventures	631,755	1,276	–	–	–	633,031
Profit before tax						654,186
<b>Segment assets</b>	185,303	87,348	102,920	13,875	8,521	397,967
Interests in associates	6,520	359,368	–	–	–	365,888
Interests in joint ventures	10,789,640	–	–	–	–	10,789,640
Unallocated assets						16,747
Total assets						11,570,242
<b>Segment liabilities</b>	278,218	10,491	–	–	344	289,053
Unallocated liabilities						60,366
Total liabilities						349,419
<b>Other segment information:</b>						
Capital expenditure <i>(Note)</i>	156	–	–	–	–	156
Depreciation	(151)	–	–	–	(269)	(420)
Interest income	61,931	–	385	–	254	62,570
Finance costs	(12,158)	–	–	–	(15)	(12,173)
Loss on disposal of:						
Fixed assets	–	(30)	–	–	–	(30)
Associates	–	–	–	–	(1,492)	(1,492)
Write-back of provisions/(Provisions) for impairment losses on:						
Properties held for sale	777	–	–	–	–	777
Properties under development	–	(134)	–	–	–	(134)
Net fair value gain on financial instruments at fair value through profit or loss	–	–	–	1,254	–	1,254
Net fair value loss on investment properties	(2,442)	–	–	–	–	(2,442)
Unallocated:						
Capital expenditure <i>(Note)</i>						384
Depreciation						(5,724)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations						(220)

Note: Capital expenditure includes additions to fixed assets.

## Notes to the Financial Statements *(continued)*

### 4. SEGMENT INFORMATION *(continued)*

#### Geographical information

##### (a) Revenue from external customers

	2022 HK\$'000	2021 HK\$'000
Hong Kong	211	35
Mainland China	4,995	12,499
Republic of Singapore	53,956	55,825
Indonesia	9,522	9,723
Other	3,089	3,008
	<b>71,773</b>	81,090

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

##### (b) Non-current assets

	2022 HK\$'000	2021 HK\$'000
Hong Kong	87	158
Mainland China	66,146	77,187
Republic of Singapore	10,637,124	11,035,894
Indonesia	146,791	146,427
Other	64,125	64,800
	<b>10,914,273</b>	11,324,466

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

#### Information about major customers

For the year ended 31 December 2022, revenue of approximately HK\$51,271,000 (2021 — HK\$52,208,000) and HK\$9,522,000 (2021 — HK\$9,723,000) was derived from interest income from two major customers in the property investment segment.

## Notes to the Financial Statements *(continued)*

### 5. REVENUE

An analysis of revenue is as follows:

	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers:		
Sale of properties	–	3,969
Provision of project management services	1,827	2,627
	1,827	6,596
Revenue from other sources:		
Property rental income from operating leases	7,777	7,762
Interest income	61,660	62,570
Dividend income	489	614
Other	20	3,548
	71,773	81,090

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

Segments	Property development HK\$'000	Other HK\$'000	Total HK\$'000
<b>Year ended 31 December 2022</b>			
Types of goods or services:			
Provision of project management services	–	1,827	1,827
Total revenue from contracts with customers	–	1,827	1,827
Geographical markets:			
Republic of Singapore	–	1,827	1,827
Total revenue from contracts with customers	–	1,827	1,827
Timing of revenue recognition:			
Services transferred over time	–	1,827	1,827
Total revenue from contracts with customers	–	1,827	1,827

## Notes to the Financial Statements *(continued)*

### 5. REVENUE *(continued)*

#### Revenue from contracts with customers *(continued)*

##### (a) Disaggregated revenue information *(continued)*

Segments	Property development 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
Provision of project management services	–	2,627	2,627
Total revenue from contracts with customers	3,969	2,627	6,596
Geographical markets:			
Mainland China	3,969	–	3,969
Republic of Singapore	–	2,627	2,627
Total revenue from contracts with customers	3,969	2,627	6,596
Timing of revenue recognition:			
Goods transferred at a point in time	3,969	–	3,969
Services transferred over time	–	2,627	2,627
Total revenue from contracts with customers	3,969	2,627	6,596

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	Other HK\$'000	Total HK\$'000
<b>Year ended 31 December 2022</b>			
Revenue from contracts with external customers	–	1,827	1,827
Revenue from other sources — external	–	212	212
Total segment revenue	–	2,039	2,039
Year ended 31 December 2021			
Revenue from contracts with external customers	3,969	2,627	6,596
Revenue from other sources — external	3,521	281	3,802
Total segment revenue	7,490	2,908	10,398

## Notes to the Financial Statements *(continued)*

### 5. REVENUE *(continued)*

#### Revenue from contracts with customers *(continued)*

##### (b) Performance obligations

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

- (i) Sale of properties  
Revenue from the sale of properties is recognised at a point in time when control of the properties is transferred to the customers. Deposits received from purchasers prior to revenue recognition are accounted for as deposits received.
- (ii) Provision of project management services  
The performance obligation is satisfied over time as services are rendered. Accordingly, the service fee income is recognised as the service is performed over time.

### 6. OTHER GAINS/(LOSSES) — NET

	2022 HK\$'000	2021 HK\$'000
Net fair value gain/(loss) on financial instruments at fair value through profit or loss:		
Financial assets at fair value through profit or loss mandatorily classified as such, including those held for trading:		
Equity securities	(1,469)	1,153
Debt securities	(50)	220
Investment funds	(3)	(119)
	<b>(1,522)</b>	1,254
Loss on disposal of:		
Fixed assets	(1)	(30)
Associates	–	(1,492)
Net fair value loss on investment properties	<b>(4,862)</b>	(2,442)
Write-back of provisions/(Provisions) for impairment losses on:		
Properties held for sale	<b>1,018</b>	777
Properties under development	<b>(118)</b>	(134)
Foreign exchange losses — net	<b>(786)</b>	(1,059)
Realised translation gains/(losses) reclassified to the statement of profit or loss relating to liquidation of foreign operations	<b>21,689</b>	(220)
	<b>15,418</b>	(3,346)

## Notes to the Financial Statements *(continued)*

### 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)
Other	<b>(1,748)</b>	(2,182)
	<b>(1,748)</b>	(4,340)
Employee benefit expense <i>(Note (a))</i> :		
Wages and salaries	<b>(20,964)</b>	(26,379)
Retirement benefit costs <i>(Note (b))</i>	<b>(878)</b>	(878)
Total staff costs	<b>(21,842)</b>	(27,257)
Interest income:		
Loans and advances	<b>61,026</b>	62,185
Other	<b>634</b>	385
Depreciation of fixed assets	<b>(5,669)</b>	(5,882)
Depreciation of right-of-use assets	<b>(246)</b>	(262)
Auditors' remuneration	<b>(3,276)</b>	(3,259)
Lease payments not included in the measurement of lease liabilities <i>(Note 17(c))</i>	<b>(2,210)</b>	(2,328)
Direct operating expenses arising on rental-earning investment properties	<b>(1,748)</b>	(2,182)
Legal and professional fees <i>(Note (c))</i>	<b>(3,242)</b>	(3,390)
Consultancy and service fees <i>(Note (c))</i>	<b>(5,805)</b>	(5,815)

Note:

- (a) The amounts include Directors' emoluments disclosed in Note 8 to the financial statements.
- (b) At 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2021 — Nil).
- (c) The amounts are included in "Other operating expenses" in the consolidated statement of profit or loss.

## Notes to the Financial Statements *(continued)*

### 8. DIRECTORS' EMOLUMENTS

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

	2022 HK\$'000	2021 HK\$'000
Directors' fees	2,277	2,195
Basic salaries, allowances and benefits in kind	1,642	1,666
Discretionary bonuses paid and payable	83	–
Retirement benefit costs	36	36
	<b>4,038</b>	3,897

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

2022	Directors' fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses paid and payable HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive directors:					
Stephen Riady	255	1,039	83	18	1,395
John Luen Wai Lee	255	603	–	18	876
	<b>510</b>	<b>1,642</b>	<b>83</b>	<b>36</b>	<b>2,271</b>
Non-executive director:					
Leon Nim Leung Chan	419	–	–	–	419
Independent non-executive directors:					
Victor Ha Kuk Yung <i>(Note (a))</i>	419	–	–	–	419
King Fai Tsui	508	–	–	–	508
Edwin Neo	419	–	–	–	419
Min Yen Goh <i>(Note (b))</i>	2	–	–	–	2
	<b>1,348</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,348</b>
	<b>2,277</b>	<b>1,642</b>	<b>83</b>	<b>36</b>	<b>4,038</b>

## Notes to the Financial Statements *(continued)*

### 8. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments paid to each of the Directors during the year ended 31 December 2021 are as follows:

2021	Directors' fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses paid and payable HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive directors:					
Stephen Riady	246	1,085	–	18	1,349
John Luen Wai Lee	246	581	–	18	845
	492	1,666	–	36	2,194
Non-executive director:					
Leon Nim Leung Chan	404	–	–	–	404
Independent non-executive directors:					
Victor Ha Kuk Yung <i>(Note (a))</i>	404	–	–	–	404
King Fai Tsui	491	–	–	–	491
Edwin Neo	404	–	–	–	404
	1,299	–	–	–	1,299
	2,195	1,666	–	36	3,897

Note:

(a) Victor Ha Kuk Yung resigned as an independent non-executive director of the Company on 30 December 2022.

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

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

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

## Notes to the Financial Statements *(continued)*

### 9. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The five highest paid employees during the year ended 31 December 2022 included one Director (2021 — one Director), details of whose emoluments are set out in Note 8 to the financial statements. Details of the emoluments of the remaining four (2021 — four) non-director, highest paid employees for the year are as follows:

	2022 HK\$'000	2021 HK\$'000
Basic salaries, allowances and benefits in kind	6,374	5,528
Discretionary bonuses paid and payable	2,710	780
Retirement benefit costs	117	115
	<b>9,201</b>	6,423

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

Emoluments bands (HK\$):	2022 Number of employees	2021 Number of employees
1,000,001 — 1,500,000	1	1
1,500,001 — 2,000,000	–	3
2,000,001 — 2,500,000	1	–
2,500,001 — 3,000,000	1	–
3,000,001 — 3,500,000	1	–
	<b>4</b>	4

### 10. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest on bank and other borrowings	11,091	12,158
Interest on lease liabilities	5	15
Total interest	<b>11,096</b>	12,173

## Notes to the Financial Statements *(continued)*

### 11. 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 a material joint venture of the Group, further details of which are given in Note 19 to the financial statements.

### 12. INCOME TAX

	2022 HK\$'000	2021 HK\$'000
Hong Kong:		
Charge for the year	4,807	4,141
Overprovision in prior years	(20)	(21)
Deferred (Note 26)	(12)	(32)
	4,775	4,088
Mainland China and overseas:		
Charge for the year	279	292
Overprovision in prior years	–	(17,730)
Deferred (Note 26):		
Current year	(1,482)	(1,070)
Effect of change in tax rate	–	(1,259)
	(1,203)	(19,767)
Total charge/(credit) for the year	3,572	(15,679)

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.

## Notes to the Financial Statements *(continued)*

### 12. INCOME TAX *(continued)*

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

	2022 HK\$'000	2021 HK\$'000
Profit before tax	491,216	654,186
Tax at the statutory tax rate of 16.5% (2021 — 16.5%)	81,051	107,941
Effect of different tax rates in other jurisdictions	(345)	83
Effect of change in tax rate in other jurisdiction	–	(1,259)
Adjustments in respect of current tax of previous years	(20)	(17,751)
Profits attributable to joint ventures and associates	(77,664)	(107,498)
Income not subject to tax	(4,046)	(2,178)
Expenses not deductible for tax	4,197	3,747
Effect of partial tax exemption and tax relief	(165)	(165)
Effect of withholding tax on the distributable profits of the Group's subsidiary in mainland China	(333)	(180)
Tax losses utilised from previous years	(271)	(3)
Tax losses not recognised	1,168	1,584
Tax charge/(credit) at the Group's effective rate	3,572	(15,679)

### 13. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

#### (a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 1,998,280,000 ordinary shares (2021 — approximately 1,998,280,000 ordinary shares) in issue during the year.

#### (b) Diluted earnings per share

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

### 14. DIVIDENDS

	2022 HK\$'000	2021 HK\$'000
Interim dividend, declared — HK1 cent per ordinary share (2021 — Nil)	19,983	–
Final dividend, proposed — Nil (2021 — HK1.25 cents per ordinary share)	–	24,979
	19,983	24,979

## Notes to the Financial Statements *(continued)*

### 15. FIXED ASSETS

	Leasehold improvements, furniture, fixtures, equipment and motor vehicles HK\$'000	Yacht HK\$'000	Total HK\$'000
<b>2022</b>			
At 1 January 2022			
Cost	11,153	53,610	64,763
Accumulated depreciation	(8,217)	(39,339)	(47,556)
Net carrying amount	2,936	14,271	17,207
At 1 January 2022, net of accumulated depreciation	2,936	14,271	17,207
Additions	762	–	762
Disposals	(1)	–	(1)
Depreciation provided during the year	(401)	(5,268)	(5,669)
Exchange adjustments	(7)	(24)	(31)
At 31 December 2022, net of accumulated depreciation	3,289	8,979	12,268
<b>At 31 December 2022</b>			
Cost	11,620	54,026	65,646
Accumulated depreciation	(8,331)	(45,047)	(53,378)
Net carrying amount	3,289	8,979	12,268
<b>2021</b>			
At 1 January 2021			
Cost	11,212	54,396	65,608
Accumulated depreciation	(8,278)	(34,476)	(42,754)
Net carrying amount	2,934	19,920	22,854
At 1 January 2021, net of accumulated depreciation	2,934	19,920	22,854
Additions	540	–	540
Disposals	(30)	–	(30)
Depreciation provided during the year	(517)	(5,365)	(5,882)
Exchange adjustments	9	(284)	(275)
At 31 December 2021, net of accumulated depreciation	2,936	14,271	17,207
At 31 December 2021			
Cost	11,153	53,610	64,763
Accumulated depreciation	(8,217)	(39,339)	(47,556)
Net carrying amount	2,936	14,271	17,207

## Notes to the Financial Statements *(continued)*

### 16. INVESTMENT PROPERTIES

	2022 HK\$'000	2021 HK\$'000
Carrying amount at beginning of year	151,491	152,385
Fair value adjustments	(4,862)	(2,442)
Exchange adjustments	(7,234)	1,548
Carrying amount at end of year	139,395	151,491

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

Based on professional valuations as at 31 December 2022 made by Asian Appraisal Company, Inc., CBRE, Inc., RHL Appraisal Limited and Savills Valuation And Professional Services (S) Pte Ltd, independent qualified valuers, the investment properties were revalued on an open market, existing use basis at HK\$139,395,000 (2021 — HK\$151,491,000).

#### Fair value hierarchy

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

	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	
<b>At 31 December 2022</b>				
<b>Recurring fair value measurement for:</b>				
Completed investment properties in:				
Mainland China	–	–	66,049	66,049
Republic of Singapore	–	–	18,347	18,347
Overseas	–	–	54,999	54,999
	–	–	139,395	139,395
<b>At 31 December 2021</b>				
<b>Recurring fair value measurement for:</b>				
Completed investment properties in:				
Mainland China	–	–	77,055	77,055
Republic of Singapore	–	–	18,205	18,205
Overseas	–	–	56,231	56,231
	–	–	151,491	151,491

## Notes to the Financial Statements *(continued)*

### 16. INVESTMENT PROPERTIES *(continued)*

#### Fair value hierarchy *(continued)*

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2021 — Nil).

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

Class of property	Valuation techniques	Significant unobservable inputs	Range
Completed investment properties in:			
Mainland China	Market approach	Price per square metre	HK\$10,000 to HK\$13,500 (2021 — HK\$12,500 to HK\$15,000)
Republic of Singapore	Market approach	Price per square metre	HK\$148,500 to HK\$178,500 (2021 — HK\$160,000 to HK\$176,500)
Overseas	Market approach	Price per square metre	HK\$12,500 to HK\$74,000 (2021 — HK\$12,500 to HK\$63,000)
	Income approach	Rental per square metre per month	HK\$104 to HK\$4,000 (2021 — HK\$99 to HK\$3,000)
		Capitalisation rate	5.1% to 5.5% (2021 — 4.5% to 5.8%)

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

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

## Notes to the Financial Statements *(continued)*

### 17. LEASES

#### The Group as a lessee

The Group has lease contracts for various office premises used in its operations. Rental contracts are generally made for fixed periods of 1 year but may have extension option as further discussed below. The Group will include the renewal periods under the extension option as part of the lease term when there is an economic incentive for it to exercise the option.

#### (a) Right-of-use assets

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

	2022 HK\$'000	2021 HK\$'000
<b>Land and buildings</b>		
Balance at beginning of year	240	510
Additions	539	–
Depreciation provided during the year	(246)	(262)
Exchange adjustments	(4)	(8)
Balance at end of year	529	240

#### (b) Lease liabilities

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

	2022 HK\$'000	2021 HK\$'000
Balance at beginning of year	251	521
Additions	539	–
Interest expenses	5	15
Payments	(259)	(278)
Exchange adjustments	(6)	(7)
Balance at end of year	530	251
Analysed into:		
Within one year	265	251
After one year but within two years	265	–
	530	251

The maturity analysis of lease liabilities is disclosed in Note 36(b) to the financial statements.

## Notes to the Financial Statements *(continued)*

### 17. LEASES *(continued)*

#### The Group as a lessee *(continued)*

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

	2022 HK\$'000	2021 HK\$'000
Interest on lease liabilities	5	15
Depreciation of right-of-use assets	246	262
Expense relating to short-term leases (included in administrative expenses)	2,210	2,328
<b>Total amount recognised in the statement of profit or loss</b>	<b>2,461</b>	<b>2,605</b>

#### (d) Extension option

The Group has a lease contract that includes an extension option. The option is negotiated by management to provide flexibility in managing the leased-asset portfolio and it is aligned with the Group's business needs. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension option that are not included in the lease terms:

	Payable within five years HK\$'000
<b>At 31 December 2022</b>	
Extension option expected not to be exercised	–
<b>At 31 December 2021</b>	
Extension option expected not to be exercised	834

(e) The total cash outflow for leases is disclosed in Note 30(d) to the financial statements.

## Notes to the Financial Statements *(continued)*

### 17. LEASES *(continued)*

#### The Group as a lessor

The Group leases its investment properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market condition. Rental income recognised by the Group during the year was HK\$7,777,000 (2021 — HK\$7,762,000), details of which are included in Note 5 to the financial statements.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022 HK\$'000	2021 HK\$'000
Within one year	4,589	6,329
After one year but within two years	2,638	3,146
After two years but within three years	1,166	1,589
After three years but within four years	838	1,185
After four years but within five years	749	899
After five years	–	818
	<b>9,980</b>	13,966

### 18. INTERESTS IN ASSOCIATES

	2022 HK\$'000	2021 HK\$'000
Share of net assets	292,114	372,278
Due from associates	7,180	6,520
Provisions for impairment losses	(11,645)	(12,910)
	<b>287,649</b>	365,888

As at 31 December 2022, the amounts due from associates included balances of HK\$1,036,000 (2021 — Nil), which are unsecured, bear interest at a rate of 10% per annum (2021 — Nil) and are fully repayable by 2027. The remaining balances with associates are unsecured, interest-free and repayable on demand. In the opinion of the Directors, these balances are considered as part of the Group's net investments in the associates. As at 31 December 2022 and 2021, the loss allowance for impairment of amounts due from associates was assessed to be minimal as there has been no significant increase in credit risk of the balance.

During the year, the Directors reviewed the carrying amount of interests in associates with reference to their business performances prepared by the investees' management. No impairment loss (2021 — Nil) has been charged to the consolidated statement of profit or loss for the year.

Details of the principal associates are set out on page 145.

Greenix Limited ("Greenix") and its subsidiaries, which are considered material associates of the Group, are engaged in property development in Singapore and are accounted for using the equity method.

## Notes to the Financial Statements *(continued)*

### 18. INTERESTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised consolidated financial information of Greenix, adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2022 HK\$'000	2021 HK\$'000
Current assets	777,291	763,553
Current liabilities	<b>(216,352)</b>	(44,817)
Net assets	<b>560,939</b>	718,736
Reconciliation to the Group's interests in the associates: Group's share of net assets of the associate and carrying amount of the investment	<b>280,469</b>	359,368
Revenue for the year	<b>204,045</b>	209,723
Profit/(Loss) and total comprehensive income/(loss) for the year	<b>(159,301)</b>	36,945
Dividend received for the year	–	57,716

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2022 HK\$'000	2021 HK\$'000
Aggregate carrying amount of the Group's interests in the associates	<b>7,180</b>	6,520

In 2022, the Singapore court partially allowed the appeal by a bank in its claims against an associate of the Group, amongst others, and found the associate liable for losses and damages suffered by the bank in connection with certain loans granted to third parties by the bank. As at the date of approval of these financial statements, this matter is still ongoing and the amount of damages will be determined by a formal process before the court, which process is likely to take several months. The information usually required by HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* on the provision made by the associate is not disclosed on grounds that it may prejudice the outcome for the associate.

## Notes to the Financial Statements *(continued)*

### 19. INTERESTS IN JOINT VENTURES

	2022 HK\$'000	2021 HK\$'000
Share of net assets	<b>7,650,028</b>	8,048,888
Due from joint ventures	<b>2,842,603</b>	2,758,960
Due to a joint venture	<b>(4,354)</b>	(4,363)
Provisions for impairment losses	<b>(13,845)</b>	(13,845)
	<b>10,474,432</b>	10,789,640

As at 31 December 2022, the amounts due from joint ventures included balances of HK\$2,652,087,000 (2021 — HK\$2,579,512,000), which are unsecured, bear interest at rates ranging from nil to 2.25% per annum (2021 — nil to 2.25% per annum) and are repayable on demand. The amounts due from joint ventures also included balances of HK\$176,671,000 (2021 — HK\$165,603,000), which are unsecured, bear interest at rates ranging from nil to 7% per annum (2021 — nil to 7% per annum) and are repayable when the resources of the joint venture permit. The remaining balances with the joint ventures are unsecured, interest-free and repayable on demand. In the opinion of the Directors, the balances with joint ventures are considered as part of the Group's net investments in the joint ventures. As at 31 December 2022, the loss allowance for impairment of amounts due from joint ventures amounted to HK\$13,845,000 (2021 — HK\$13,845,000), which represented lifetime ECLs made for credit-impaired balances. Except for the credit-impaired balances which were fully impaired in prior years, there has been no significant increase in credit risk of the remaining balances. As at 31 December 2022 and 2021, the loss allowance for such remaining balances was assessed to be minimal.

Details of the principal joint ventures are set out on page 146.

LAAPL is considered a material joint venture of the Group and is accounted for using the equity method. 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. The Directors assessed whether there is any indication that the carrying amount of interest in the joint venture may be impaired and the recoverable amount of the joint venture is estimated based on a value-in-use calculation. The Directors considered no impairment loss was necessary for the year ended 31 December 2022 (2021 — Nil).

## Notes to the Financial Statements *(continued)*

### 19. INTERESTS IN JOINT VENTURES *(continued)*

The following table illustrates the summarised consolidated financial information of LAAPL, adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2022 HK\$'000	2021 HK\$'000
Non-current assets	<b>47,360,742</b>	43,542,920
Cash and cash equivalents	<b>2,021,844</b>	3,176,808
Other current assets	<b>1,558,026</b>	1,692,870
Current assets	<b>3,579,870</b>	4,869,678
Financial liabilities, excluding trade and other payables	<b>(7,671,720)</b>	(5,101,964)
Other current liabilities	<b>(2,122,592)</b>	(1,752,775)
Current liabilities	<b>(9,794,312)</b>	(6,854,739)
Non-current financial liabilities, excluding trade and other payables and provisions	<b>(14,360,429)</b>	(15,903,200)
Other non-current liabilities	<b>(1,013,506)</b>	(1,071,961)
Non-current liabilities	<b>(15,373,935)</b>	(16,975,161)
Net assets	<b>25,772,365</b>	24,582,698
Less: Non-controlling interests	<b>(17,630,852)</b>	(16,029,381)
Net assets attributable to equity holders of the joint venture	<b>8,141,513</b>	8,553,317
Reconciliation to the Group's interests in the joint venture:		
Group's share of net assets of the joint venture	<b>7,675,554</b>	8,063,701
Due from the joint venture	<b>2,652,087</b>	2,579,512
Carrying amount of the investment	<b>10,327,641</b>	10,643,213
Revenue	<b>2,789,218</b>	1,739,802
Interest income	<b>35,723</b>	21,394
Depreciation and amortisation	<b>(196,055)</b>	(187,112)
Interest expenses	<b>(792,404)</b>	(665,987)
Tax	<b>(239,794)</b>	(211,961)
Profit for the year attributable to equity holders of the joint venture	<b>588,041</b>	674,918
Other comprehensive loss for the year attributable to equity holders of the joint venture	<b>(1,121,701)</b>	(152,102)
Total comprehensive income/(loss) for the year attributable to equity holders of the joint venture	<b>(533,660)</b>	522,816

## Notes to the Financial Statements *(continued)*

### 19. INTERESTS IN JOINT VENTURES *(continued)*

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2022 HK\$'000	2021 HK\$'000
Share of the joint ventures' loss for the year	<b>(3,937)</b>	(3,135)
Share of the joint ventures' other comprehensive loss for the year	<b>(5,262)</b>	(1,114)
Share of the joint ventures' total comprehensive loss for the year	<b>(9,199)</b>	(4,249)
Aggregate carrying amount of the Group's interests in the joint ventures	<b>146,791</b>	146,427

As at 31 December 2022, the Group's share of joint ventures' own capital commitments amounted to HK\$5,814,000 (2021 — HK\$127,202,000).

### 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 HK\$'000	2021 HK\$'000
Financial assets at fair value through other comprehensive income: Equity securities	<b>73</b>	91

The Group has designated certain equity securities as financial assets at fair value through other comprehensive income as the Group considers these equity securities to be strategic in nature.

### 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK\$'000	2021 HK\$'000
Mandatorily classified as such, including those held for trading:		
Equity securities	<b>311</b>	10,201
Debt securities	<b>3,050</b>	3,100
Investment funds	–	483
	<b>3,361</b>	13,784
Analysed for reporting purposes as:		
Current assets	<b>311</b>	10,684
Non-current assets	<b>3,050</b>	3,100
	<b>3,361</b>	13,784

## Notes to the Financial Statements *(continued)*

### 22. PROPERTIES UNDER DEVELOPMENT

	2022 HK\$'000	2021 HK\$'000
Land and buildings situated outside Hong Kong, at cost:		
Balance at beginning of year	40,040	44,193
Additions	192	222
Exchange adjustments	(4,865)	(4,375)
Balance at end of year	35,367	40,040
Provisions for impairment losses:		
Balance at beginning of year	(11,569)	(12,684)
Impairment during the year	(118)	(134)
Exchange adjustments	1,401	1,249
Balance at end of year	(10,286)	(11,569)
	25,081	28,471

The carrying amount of properties under development is expected to be recovered in more than 12 months after the end of the reporting period.

### 23. LOANS AND ADVANCES

As at 31 December 2021, the loans and advances bore interest at a rate of 3.0% per annum. Such loans and advances were fully repaid during the year ended 31 December 2022.

The movements in the loss allowance for impairment of loans and advances are as follows:

	2022 HK\$'000	2021 HK\$'000
Balance at beginning of year	789	843
Exchange adjustments	(46)	(54)
Balance at end of year	743	789

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate, general economic conditions forecasts and forward-looking information that is available without undue cost or effort. Loss allowance represented lifetime ECLs made for credit-impaired balances.

As at 31 December 2021, certain loans and advances were secured by client's asset being held as collateral with a carrying amount of HK\$40,203,000.

## Notes to the Financial Statements *(continued)*

### 24. 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	21	48
Over 60 days	–	87
	<b>21</b>	135

The balances of debtors, prepayments and other assets are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

#### Loss allowance for impairment of trade debtors

The Group applies the simplified approach to measure the loss allowance at lifetime ECLs for trade debtors. The Group determines the ECLs by using a provision matrix. The provision rates are based on the past due status of the debtors and adjusted for factors specific to the debtors, general economic conditions forecasts and forward-looking information that is available without undue cost or effort. As at 31 December 2022 and 2021, the loss allowance was assessed to be minimal. No loss allowance (2021 — Nil) was charged to the consolidated statement of profit or loss for the year.

Set out below is the information about credit risk exposure on the Group's trade debtors using a provision matrix:

	Expected credit loss rate	2022 Gross carrying amount HK\$'000	Expected credit losses HK\$'000	Expected credit loss rate	2021 Gross carrying amount HK\$'000	Expected credit losses HK\$'000
Past due:						
Within 30 days	0%	21	–	0%	48	–
Over 60 days	0%	–	–	0%	87	–
	<b>0%</b>	<b>21</b>	<b>–</b>	0%	135	–

## Notes to the Financial Statements *(continued)*

### 24. DEBTORS, PREPAYMENTS AND OTHER ASSETS *(continued)*

#### Loss allowance for impairment of other financial assets included in debtors, prepayments and other assets

The movements in the loss allowance for impairment of other financial assets included in debtors, prepayments and other assets are as follows:

	2022 HK\$'000	2021 HK\$'000
Balance at beginning of year	3,561	3,759
Exchange adjustments	(301)	(198)
Balance at end of year	3,260	3,561

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate, general economic conditions forecasts and forward-looking information that is available without undue cost or effort. Loss allowance represented lifetime ECLs made for credit-impaired balances. Except for the credit-impaired balances, there has been no significant increase in credit risk of the remaining balances, additional ECLs required for the years ended 31 December 2022 and 2021 are minimal.

### 25. BANK LOANS

	2022 HK\$'000	2021 HK\$'000
Unsecured bank loans <i>(Note)</i>	456,111	272,556
Bank loans repayable: In the third to fifth years, inclusive	456,111	272,556

*Note:* The Group's bank loans were denominated in Hong Kong dollars and bore interest at floating rate. The Company has provided corporate guarantee for the bank loans granted to a subsidiary of the Company.

## Notes to the Financial Statements *(continued)*

### 26. DEFERRED TAX

The movements in deferred tax liabilities during the year are as follows:

	Depreciation allowance in excess of related depreciation HK\$'000	Revaluation of properties HK\$'000	Others HK\$'000	Total HK\$'000
<b>2022</b>				
At 1 January 2022	1,634	13,588	350	15,572
Deferred tax credited to the statement of profit or loss during the year <i>(Note 12)</i>	(12)	(1,149)	(333)	(1,494)
Exchange adjustments	(135)	(638)	(17)	(790)
<b>At 31 December 2022</b>	<b>1,487</b>	<b>11,801</b>	<b>–</b>	<b>13,288</b>
<b>2021</b>				
At 1 January 2021	2,604	14,715	517	17,836
Deferred tax credited to the statement of profit or loss during the year <i>(Note 12)</i>	(861)	(1,320)	(180)	(2,361)
Exchange adjustments	(109)	193	13	97
At 31 December 2021	1,634	13,588	350	15,572

The Group has tax losses of HK\$86,116,000 (2021 — HK\$78,934,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the People's Republic of China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2022, except for withholding tax provided for under deferred tax liabilities, there were no significant unrecognised deferred tax liabilities (2021 — Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payments of dividends of the Company to its shareholders.

## Notes to the Financial Statements *(continued)*

### 27. SHARE CAPITAL

	2022 HK\$'000	2021 HK\$'000
<b>Authorised:</b> 4,000,000,000 (2021 — 4,000,000,000) ordinary shares of HK\$1.00 each	<b>4,000,000</b>	4,000,000
<b>Issued and fully paid:</b> 1,998,280,097 (2021 — 1,998,280,097) ordinary shares of HK\$1.00 each	<b>1,998,280</b>	1,998,280

There was no movement in share capital during the years ended 31 December 2022 and 2021.

### 28. RESERVES

The amounts of the Group's reserves and movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 68.

Note:

- (a) Cancellation of the share premium account and transfer to distributable reserves:  
Pursuant to a special resolution passed at a special general meeting of the Company on 2 December 1997, the entire amount standing to the credit of the share premium account of HK\$3,630,765,000 was cancelled (the "Cancellation"). The credit arising from the Cancellation was transferred to distributable reserves. The balance of the reserves arising from the Cancellation could be applied towards any capitalisation issues of the Company in future, or for making distributions to shareholders of the Company.
- (b) Distributable reserves of the Group as at 31 December 2022 comprised retained profits of HK\$8,464,284,000 (2021 — HK\$7,864,806,000) and the remaining balance arising from the Cancellation of HK\$744,975,000 (2021 — HK\$744,975,000). The distributable reserves and the capital redemption reserve are available for distribution to shareholders. Included in the distributable reserves of the Group as at 31 December 2021 was an amount of final dividend for the year ended 31 December 2021 of HK\$24,979,000 proposed after the end of the reporting period.
- (c) The hedging reserve relates to the Group's share of the hedging reserve of joint ventures.

## Notes to the Financial Statements *(continued)*

### 29. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Beijing Lippo Century Realty Co., Ltd. is considered a subsidiary that has material non-controlling interests. The percentage of equity interest held by its non-controlling shareholder as at 31 December 2022 was 20% (2021 — 20%). Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2022 HK\$'000	2021 HK\$'000
Loss for the year allocated to non-controlling interests	<b>(1,124)</b>	(438)
Accumulated balances of non-controlling interests at the end of the reporting period	<b>17,373</b>	20,162

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2022 HK\$'000	2021 HK\$'000
Current assets	<b>121,535</b>	138,710
Non-current assets	<b>58</b>	63
Current liabilities	<b>(34,190)</b>	(37,376)
Revenue	<b>223</b>	3,494
Total expenses	<b>(5,845)</b>	(5,682)
Loss for the year	<b>(5,622)</b>	(2,188)
Total comprehensive income/(loss) for the year	<b>(13,978)</b>	726
Net cash flows used in operating activities and net decrease in cash and cash equivalents	<b>(10,110)</b>	(2,441)

## Notes to the Financial Statements *(continued)*

### 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Reconciliation of profit before tax to cash used in operations

	Note	2022 HK\$'000	2021 HK\$'000
Profit before tax		491,216	654,186
Adjustments for:			
Share of results of associates		79,650	(18,473)
Share of results of joint ventures		(550,340)	(633,031)
Loss on disposal of:			
Fixed assets	6	1	30
Associates	6	–	1,492
Net fair value loss on investment properties	6	4,862	2,442
Provisions/(Write-back of provisions) for impairment losses on:			
Properties held for sale	6	(1,018)	(777)
Properties under development	6	118	134
Realised translation losses/(gains) reclassified to the statement of profit or loss relating to liquidation of foreign operations	6	(21,689)	220
Net fair value loss/(gain) on financial instruments at fair value through profit or loss	6	1,522	(1,254)
Finance costs	10	11,096	12,173
Interest income	5	(61,660)	(62,570)
Dividend income	5	(489)	(614)
Depreciation of fixed assets	7	5,669	5,882
Depreciation of right-of-use assets	7	246	262
		(40,816)	(39,898)
Decrease in properties held for sale		–	2,158
Increase in properties under development		(192)	(222)
Decrease in loans and advances		7,402	179
Decrease/(Increase) in debtors, prepayments and other assets		(1,016)	1,251
Decrease in financial instruments at fair value through profit or loss		8,901	1,471
Decrease in other payables, accruals and other liabilities		(2,107)	(7,698)
Cash used in operations		(27,828)	(42,759)

#### (b) Major non-cash transactions

Save as disclosed elsewhere in the financial statements, the Group had the following major non-cash transactions:

During the year ended 31 December 2022, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$539,000 (2021 — Nil) and HK\$539,000 (2021 — Nil), respectively, in respect of lease arrangements.

## Notes to the Financial Statements *(continued)*

### 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

#### (c) Changes in liabilities arising from financing activities

	Bank loans HK\$'000	Interest payable HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2022	272,556	11	251	272,818
Changes from financing cash flows:				
Drawdown of bank borrowings	180,000	–	–	180,000
Principal portion of lease payments	–	–	(254)	(254)
Finance costs paid	–	(7,431)	(5)	(7,436)
Total changes from financing cash flows	180,000	(7,431)	(259)	172,310
Addition to lease liabilities	–	–	539	539
Exchange adjustments	–	–	(6)	(6)
Finance costs charged to the statement of profit or loss	3,555	7,536	5	11,096
<b>At 31 December 2022</b>	<b>456,111</b>	<b>116</b>	<b>530</b>	<b>456,757</b>
At 1 January 2021	275,417	6	521	275,944
Changes from financing cash flows:				
Drawdown of bank borrowings	330,000	–	–	330,000
Repayment of bank and other borrowings	(325,000)	–	–	(325,000)
Principal portion of lease payments	–	–	(263)	(263)
Finance costs paid	(16,000)	(4,014)	(15)	(20,029)
Total changes from financing cash flows	(11,000)	(4,014)	(278)	(15,292)
Exchange adjustments	–	–	(7)	(7)
Finance costs charged to the statement of profit or loss	8,139	4,019	15	12,173
At 31 December 2021	272,556	11	251	272,818

#### (d) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2022 HK\$'000	2021 HK\$'000
Within operating activities	2,210	2,328
Within financing activities	259	278
	<b>2,469</b>	2,606

## Notes to the Financial Statements *(continued)*

### 31. CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no material contingent liabilities (2021 — Nil).

### 32. COMMITMENTS

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

	2022 HK\$'000	2021 HK\$'000
Commitments in respect of properties, plant and equipment: Contracted, but not provided for	354	—

### 33. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the year:

- During the year, the Company paid rental expenses (including service charges) of HK\$1,268,000 (2021 — HK\$1,227,000) to a fellow subsidiary of the Company, in respect of office premises occupied by the Company. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 31 July 2023. The Company expects the total future minimum lease payables for the year ending 31 December 2023 to be approximately HK\$596,000.
- During the year, the Group received interest income of HK\$60,793,000 (2021 — HK\$61,931,000) from joint ventures of the Group.
- During the year, the Group received revenue from the provision of project management services of HK\$1,622,000 (2021 — HK\$2,349,000) from an associate of the Group.
- As at 31 December 2022, the Group had balances with its associates and joint ventures, further details of which are set out in Notes 18 and 19 to the financial statements.
- The key management personnel of the Group are its Directors. Details of the Directors' emoluments are disclosed in Note 8 to the financial statements.

The transaction referred to in item (a) above was a continuing connected transaction exempted from reporting, annual review and independent shareholders' approval under Chapter 14A of the Listing Rules. The transactions referred to in items (b) to (e) above were not continuing connected transactions or connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules.

## Notes to the Financial Statements *(continued)*

### 34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

#### Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily classified as such, including those held for trading HK\$'000		Equity securities HK\$'000	Financial assets at amortised cost HK\$'000
				Total HK\$'000
<b>At 31 December 2022</b>				
Financial assets at fair value through other comprehensive income	–	73	–	73
Financial assets at fair value through profit or loss	3,361	–	–	3,361
Amounts due from associates	–	–	7,180	7,180
Amounts due from joint ventures	–	–	2,828,758	2,828,758
Financial assets included in debtors, prepayments and other assets	–	–	3,291	3,291
Cash and cash equivalents	–	–	207,373	207,373
	<b>3,361</b>	<b>73</b>	<b>3,046,602</b>	<b>3,050,036</b>
<b>At 31 December 2021</b>				
Financial assets at fair value through other comprehensive income	–	91	–	91
Financial assets at fair value through profit or loss	13,784	–	–	13,784
Amounts due from associates	–	–	6,520	6,520
Amounts due from joint ventures	–	–	2,745,115	2,745,115
Loans and advances	–	–	8,210	8,210
Financial assets included in debtors, prepayments and other assets	–	–	2,243	2,243
Cash and cash equivalents	–	–	122,211	122,211
	13,784	91	2,884,299	2,898,174

## Notes to the Financial Statements *(continued)*

### 34. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

#### Financial liabilities

	Financial liabilities at amortised cost	
	2022 HK\$'000	2021 HK\$'000
Bank loans	456,111	272,556
Financial liabilities included in other payables, accruals and other liabilities	19,206	21,997
Amount due to a joint venture	4,354	4,363
	<b>479,671</b>	298,916

### 35. 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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	73	91	73	91
Financial assets at fair value through profit or loss	3,361	13,784	3,361	13,784
	<b>3,434</b>	13,875	<b>3,434</b>	13,875

Management has assessed that the fair values of cash and cash equivalents, financial assets included in debtors, prepayments and other assets, loans and advances, amounts due from associates and joint ventures and financial liabilities included in other payables, 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.

## Notes to the Financial Statements *(continued)*

### 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

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

The fair values of listed equity securities 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.

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. As at 31 December 2021, for unlisted investment funds classified under Level 3 of the fair value measurement hierarchy, when the net asset value increases/decreases by 3%, the fair value will be increased/decreased by HK\$14,000.

#### 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	
<b>At 31 December 2022</b>				
Financial assets at fair value through other comprehensive income:				
Equity securities	73	–	–	73
Financial assets at fair value through profit or loss:				
Equity securities	311	–	–	311
Debt securities	–	3,050	–	3,050
	<b>384</b>	<b>3,050</b>	–	<b>3,434</b>
<b>At 31 December 2021</b>				
Financial assets at fair value through other comprehensive income:				
Equity securities	91	–	–	91
Financial assets at fair value through profit or loss:				
Equity securities	10,201	–	–	10,201
Debt securities	–	3,100	–	3,100
Investment funds	–	–	483	483
	10,292	3,100	483	13,875

## Notes to the Financial Statements *(continued)*

### 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

#### Fair value hierarchy *(continued)*

The movements in fair value measurements in Level 3 during the year are as follows:

	2022 HK\$'000	2021 HK\$'000
<b>Investment funds at fair value through profit or loss</b>		
Balance at beginning of year	483	2,073
Total losses recognised in the statement of profit or loss	(3)	(119)
Distributions	(480)	(1,471)
Balance at end of year	–	483

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

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has established policies and procedures for risk management which are reviewed regularly by the Executive Directors and senior management of the Group to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The risk management function is carried out by individual business units and regularly overseen by the Group's senior management with all the risk limits approved by the Executive Directors of the Group, which are summarised below. The Group's accounting policies in relation to derivatives are set out in Note 2.4 to the financial statements.

#### (a) Credit risk

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from treasury, investment and other activities undertaken by the Group.

The Group trades only with recognised and creditworthy parties. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control for trade receivables. New customers are subject to credit evaluation while the Group continues to monitor existing customers, especially those with repayment issues. Credit approval for loans and advances takes into account the type and tenor of loans, creditworthiness and repayment ability of prospective borrowers, collateral available and the resultant risk concentration in the context of the Group's total assets. Appropriate allowances are made for probable losses when necessary for identified debtors.

## Notes to the Financial Statements *(continued)*

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### (a) Credit risk *(continued)*

##### *Maximum exposure and year-end staging*

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs		Lifetime ECLs		Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
<b>As at 31 December 2022</b>					
Amounts due from associates*	7,180	-	-	-	7,180
Amounts due from joint ventures*	2,828,758	-	13,845	-	2,842,603
Loans and advances*	-	-	743	-	743
Financial assets included in debtors, prepayments and other assets					
Trade debtors**	-	-	-	21	21
Others*	3,270	-	3,260	-	6,530
Cash and cash equivalents***	207,373	-	-	-	207,373
	<b>3,046,581</b>	<b>-</b>	<b>17,848</b>	<b>21</b>	<b>3,064,450</b>
<b>As at 31 December 2021</b>					
Amounts due from associates*	6,520	-	-	-	6,520
Amounts due from joint ventures*	2,745,115	-	13,845	-	2,758,960
Loans and advances*	8,210	-	789	-	8,999
Financial assets included in debtors, prepayments and other assets					
Trade debtors**	-	-	-	135	135
Others*	2,108	-	3,561	-	5,669
Cash and cash equivalents***	122,211	-	-	-	122,211
	<b>2,884,164</b>	<b>-</b>	<b>18,195</b>	<b>135</b>	<b>2,902,494</b>

\* Further details in respect of the Group's loss allowance for impairment of amounts due from associates, amounts due from joint ventures, loans and advances and other financial assets included in debtors, prepayments and other assets are disclosed in Notes 18, 19, 23 and 24 to the financial statements, respectively.

\*\* For trade debtors to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 24 to the financial statements.

\*\*\* The bank balances are deposited with creditworthy financial institutions with no recent history of default. The Group considers these balances to have low credit risk and the amount of the loss allowance for impairment was negligible.

## Notes to the Financial Statements *(continued)*

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### (a) Credit risk *(continued)*

##### *Concentration of credit risk*

The Group's exposure to credit risk arising from trade debtors and loans and advances at the end of the reporting period based on the information provided to key management is as follows:

	2022 HK\$'000	2021 HK\$'000
<b>By geographical area:</b>		
Australia	–	8,210
Others	21	135
	<b>21</b>	<b>8,345</b>

#### (b) Liquidity risk

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations meet the statutory requirement for the minimum liquidity ratio whenever applicable.

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources. As at 31 December 2022 and 2021, none of the Group's debts would mature in less than one year based on the carrying values of bank loans.

The maturity profile of liabilities of the Group as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	Total HK\$'000
<b>At 31 December 2022</b>					
Bank loans	–	5,199	15,885	497,001	518,085
Lease liabilities	–	70	210	269	549
Financial liabilities included in other payables, accruals and other liabilities	–	10,901	8,305	–	19,206
Amount due to a joint venture	4,354	–	–	–	4,354
	<b>4,354</b>	<b>16,170</b>	<b>24,400</b>	<b>497,270</b>	<b>542,194</b>
<b>At 31 December 2021</b>					
Bank loans	–	953	2,911	294,728	298,592
Lease liabilities	–	70	185	–	255
Financial liabilities included in other payables, accruals and other liabilities	–	12,595	9,402	–	21,997
Amount due to a joint venture	4,363	–	–	–	4,363
	<b>4,363</b>	<b>13,618</b>	<b>12,498</b>	<b>294,728</b>	<b>325,207</b>

## Notes to the Financial Statements *(continued)*

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### (c) Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets and liabilities. The Group's interest rate positions mainly arise from treasury and other investment activities undertaken.

The Group monitors its interest-sensitive products and investments and net repricing gap and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. When appropriate, interest rate swaps would be used to manage this risk in a cost-effective manner. The interest rate risk is managed and monitored regularly by the senior management of the Group.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate monetary assets and liabilities).

	2022		2021	
	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK\$'000	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK\$'000
Hong Kong dollar	+50	(2,266)	+50	(1,359)
United States dollar	+50	56	+50	57
Singapore dollar	+50	55	+50	28
Renminbi	+50	115	+50	353
Hong Kong dollar	-50	2,266	-50	1,359
United States dollar	-50	(56)	-50	(57)
Singapore dollar	-50	(55)	-50	(28)
Renminbi	-50	(115)	-50	(353)

## Notes to the Financial Statements *(continued)*

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### (d) Foreign currency risk

Foreign currency risk is the risk to earnings or capital arising from movements in foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its foreign exchange dealings and other investment activities conducted in currencies other than the functional currencies of the operating units.

The Group monitors the relative foreign exchange positions of its assets and liabilities to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by the senior management of the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollars and Singapore dollars exchange rates, with all other variables held constant, of the Group's profit before tax (arising from United States dollars and Singapore dollars denominated financial instruments).

	Increase/(Decrease) in profit before tax	
	2022 HK\$'000	2021 HK\$'000
United States dollar against Hong Kong dollar		
— strengthened by 3% (2021 — 3%)	<b>158</b>	210
— weakened by 3% (2021 — 3%)	<b>(158)</b>	(210)
Singapore dollar against Hong Kong dollar		
— strengthened by 3% (2021 — 3%)	<b>318</b>	464
— weakened by 3% (2021 — 3%)	<b>(318)</b>	(464)

At the end of the reporting period, the cash and cash equivalents of the Group's subsidiaries in mainland China denominated in Renminbi amounted to HK\$69,094,000 (2021 — HK\$77,785,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in mainland China.

#### (e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets included in financial assets at fair value through other comprehensive income (Note 20) and financial assets at fair value through profit or loss (Note 21) as at 31 December 2022. The Group's listed financial assets are mainly listed on stock exchanges in Hong Kong and the Republic of Singapore and are valued at quoted market prices at the end of the reporting period.

## Notes to the Financial Statements *(continued)*

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### (e) Equity price risk *(continued)*

The market equity indices (rounded down) for the following stock exchanges, at the close of business of the nearest trading day to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2022	High/Low 2022	31 December 2021	High/Low 2021
Hong Kong — Hang Seng Index	19,781	25,050/14,597	23,397	31,183/22,665
Republic of Singapore — Straits Times Index	3,251	3,466/2,968	3,123	3,273/2,832

The senior management of the Group regularly reviews and monitors the mix of securities in the Group's investment portfolio based on the fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

The following table demonstrates the sensitivity to every 3% change in the fair values of the equity investments and investment funds, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the investments at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve of financial assets at FVOCI.

	2022				2021			
	3% increase		3% decrease		3% increase		3% decrease	
	Increase in profit before tax HK\$'000	Increase in equity* HK\$'000	Decrease in profit before tax HK\$'000	Decrease in equity* HK\$'000	Increase in profit before tax HK\$'000	Increase in equity* HK\$'000	Decrease in profit before tax HK\$'000	Decrease in equity* HK\$'000
Financial assets at fair value through other comprehensive income Global and others	-	2	-	(2)	-	3	-	(3)
Financial assets at fair value through profit or loss								
Hong Kong	9	-	(9)	-	3	-	(3)	-
Republic of Singapore	-	-	-	-	303	-	(303)	-
Global and others	-	-	-	-	14	-	(14)	-
	9	-	(9)	-	320	-	(320)	-

\* Excluding retained profits

## Notes to the Financial Statements *(continued)*

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### (f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

The Group monitors capital using a gearing ratio, which is calculated by dividing its total borrowings by equity attributable to equity holders of the Company.

	2022 HK\$'000	2021 HK\$'000
Bank loans <i>(Note 25)</i>	<b>456,111</b>	272,556
Equity attributable to equity holders of the Company	<b>10,680,346</b>	11,200,661
Gearing ratio	<b>4.3%</b>	2.4%

## Notes to the Financial Statements *(continued)*

### 37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>		
Fixed assets	87	158
Interests in subsidiaries	4,439,474	3,657,358
Interest in an associate	1,036	–
Financial assets at fair value through profit or loss	3,050	3,100
	<b>4,443,647</b>	3,660,616
<b>Current assets</b>		
Debtors, prepayments and other assets	942	871
Financial assets at fair value through profit or loss	–	10,090
Cash and cash equivalents	116,894	33,368
	<b>117,836</b>	44,329
<b>Current liabilities</b>		
Other payables, accruals and other liabilities	6,829	9,869
Amount due to a joint venture	4,354	4,363
Tax payable	1,000	2,314
	<b>12,183</b>	16,546
<b>Net current assets</b>	<b>105,653</b>	27,783
<b>Total assets less current liabilities</b>	<b>4,549,300</b>	3,688,399
<b>Non-current liabilities</b>		
Deferred tax liabilities	14	26
<b>Net assets</b>	<b>4,549,286</b>	3,688,373
<b>Equity</b>		
Share capital	1,998,280	1,998,280
Reserves ( <i>Note</i> )	2,551,006	1,690,093
	<b>4,549,286</b>	3,688,373

## Notes to the Financial Statements *(continued)*

### 37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account	Capital redemption reserve <i>(Note 28(b))</i>	Distributable reserves	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>2022</b>				
At 1 January 2022	92,275	22,144	1,575,674	1,690,093
Profit and total comprehensive income for the year	–	–	905,875	905,875
2021 final dividend declared and paid to shareholders of the Company	–	–	(24,979)	(24,979)
2022 interim dividend declared and paid to shareholders of the Company	–	–	(19,983)	(19,983)
<b>At 31 December 2022</b>	<b>92,275</b>	<b>22,144</b>	<b>2,436,587</b>	<b>2,551,006</b>
<b>2021</b>				
At 1 January 2021	92,275	22,144	1,243,262	1,357,681
Profit and total comprehensive income for the year	–	–	347,399	347,399
2020 final dividend declared and paid to shareholders of the Company	–	–	(14,987)	(14,987)
At 31 December 2021	92,275	22,144	1,575,674	1,690,093

Distributable reserves of the Company as at 31 December 2022 comprised contributed surplus of HK\$134,329,000 (2021 — HK\$134,329,000), retained earnings of HK\$1,557,283,000 (2021 — HK\$696,370,000) and the remaining balance arising from the Cancellation of HK\$744,975,000 (2021 — HK\$744,975,000). The distributable reserves and the capital redemption reserve are available for distributions to the shareholders of the Company.

Included in the distributable reserves of the Company as at 31 December 2021 was an amount of final dividend for the year ended 31 December 2021 of HK\$24,979,000 proposed after the end of the reporting period.

### 38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2023.

# Particulars of Principal Subsidiaries

PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31 DECEMBER 2022 ARE SET OUT BELOW.

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Capital Place International Limited	British Virgin Islands/ Republic of the Philippines	US\$50,000	–	100	Property investment
成都力寶置業有限公司 (Chengdu Lippo Realty Limited) — wholly foreign-owned enterprise##	People's Republic of China	US\$3,000,000*	–	100	Property investment and management
Everwin Pacific Ltd.	British Virgin Islands	US\$1	–	100	Property investment
Fairseas 1 Pte. Ltd.	Republic of Singapore	S\$1	–	100	Owner of a motor yacht
Fiatsco Limited	British Virgin Islands	US\$1	–	100	Investment holding
HCL Management Limited	Hong Kong	HK\$1	–	100	Management services
HKC Property Investment Holdings Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
HKC Realty LLC	United States of America	US\$2,250,000**	–	100	Property investment
Hong Kong Housing Loan Limited	Hong Kong	HK\$40,000,000	100	100	Investment
Lippo Asia Limited	Hong Kong	HK\$120,000,000	–	100	Investment holding
Lippo Cybergroup Limited	Hong Kong	HK\$2	–	100	Investment holding
Lippo Securities, Inc.	Republic of the Philippines	Pesos 69,500,000	–	100	Investment holding

## Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Percentage of equity attributable to the Company/Group (unless otherwise stated) <sup>#</sup>		Principal activities
Mass Empire Limited	Hong Kong	HK\$1	–	100	Investment
MGS Ltd. (now known as MGS Realty Holdings Ltd.)	British Virgin Islands	US\$1	–	100	Investment holding
One Realty Pte. Limited	Republic of Singapore	S\$2	–	100	Investment holding and provision of project and management services
Polar Step Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment
Sinogain Asia Limited	British Virgin Islands	US\$1	–	100	Property investment
Sinorite Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment
Stargala Limited	British Virgin Islands	US\$1	–	100	Property investment
Uchida Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
Wealtop Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
Winluck Asia Limited	British Virgin Islands	US\$1	–	100	Property investment
Winluck Pacific Limited	British Virgin Islands	US\$1	–	100	Property investment

## Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Percentage of equity attributable to the Company/Group (unless otherwise stated) <sup>#</sup>	Principal activities
Winrider Limited	British Virgin Islands	US\$1	– 100	Investment holding
北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.) — Chinese-foreign cooperative joint venture enterprise <sup>##</sup>	People's Republic of China	US\$14,000,000 <sup>*</sup>	– 80 <sup>^</sup>	Property development

<sup>#</sup> based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

<sup>^</sup> profit sharing ratio

<sup>##</sup> type of legal entity

<sup>\*</sup> paid up registered capital

<sup>\*\*</sup> paid up capital contribution

Note:

Pesos — Philippines pesos

S\$ — Singapore dollars

US\$ — United States dollars

The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

# Particulars of Principal Associates

PARTICULARS OF PRINCIPAL ASSOCIATES AS AT 31 DECEMBER 2022 ARE SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital	Approximate percentage of equity attributable to the Group <sup>#</sup>	Principal activities
Greenix Limited	Corporate	British Virgin Islands	US\$100,000	50	Investment holding
Lippo Marina Collection Pte. Ltd.	Corporate	Republic of Singapore	S\$1,000,000	50	Property development
Goldfix Pacific Ltd.	Corporate	British Virgin Islands	US\$16,286.6	36.84	Investment holding

<sup>#</sup> based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

Note:

S\$ — Singapore dollars  
 US\$ — United States dollars

The above table includes the associates of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all associates would, in the opinion of the Directors, result in particulars of excessive length.

# Particulars of Principal Joint Ventures

PARTICULARS OF PRINCIPAL JOINT VENTURES AS AT 31 DECEMBER 2022 ARE SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital	Percentage of equity attributable to the Group (unless otherwise stated) <sup>#</sup>	Principal activities
Bell Eastern Limited	Corporate	British Virgin Islands/ Hong Kong	S\$2,000,000	50	Property investment
Yamoo Bay Project Limited	Corporate	British Virgin Islands	US\$2	50	Investment holding
Lippo ASM Asia Property Limited	Corporate	Cayman Islands	US\$1,200	Note (b)	Investment holding

<sup>#</sup> based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

Note:

(a) S\$ — Singapore dollars

US\$ — United States dollars

(b) Its issued share capital comprised of (i) 800 voting, non-participating class "A" shares of US\$1.00 each; (ii) 200 non-voting, participating class "B" shares of US\$1.00 each; and (iii) 200 non-voting, participating class "C" shares of US\$1.00 each. The Group was interested in 50% of all the class "A" shares in issue and 100% of all the class "B" shares in issue which entitled the Group to 50% of the voting rights and approximately 94.26% of the profit sharing of this company.

# Schedule of Major Properties

## (1) PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2022

Description	Use	Approximate gross floor area (square metres)	Status	Percentage of the Group's interest
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### People's Republic of China

5 floors of Unit 1 Building 1, Lippo Tower 62 North Kehua Road Wuhou District Chengdu	Commercial	5,421	Rental	100
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*The above property is held under medium term lease.*

### Overseas

31st Floor Rufino Pacific Tower Ayala Avenue Corner Herrera Street, Makati Metropolitan Manila Republic of the Philippines	Commercial	885	Rental	100
522 S. Sepulveda Boulevard Los Angeles, CA 90049 United States of America	Commercial	925	Rental	100

*The above properties are freehold.*

21 Marina Way #26-16 Marina One Residences Singapore 018978	Residential	104	Rental	100
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*The above property is held under long term lease.*

## Schedule of Major Properties *(continued)*

### (2) PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2022

Description	Use	Approximate site area <i>(square metres)</i>	Approximate gross floor area <i>(square metres)</i>	Percentage of the Group's interest
<b>People's Republic of China</b>				
Certain units and car parking spaces at No. 8 Ronghua Middle Road Yizhuang Beijing Economic-Technological Development Area (北京經濟技術開發區) Beijing	Commercial/ Residential	N/A	14,043	80
<b>Overseas</b>				
854 West Adams Boulevard Los Angeles, CA 90007 United States of America	Residential	1,142	723	100

### (3) PROPERTY HELD FOR DEVELOPMENT AS AT 31 DECEMBER 2022

Description	Use	Approximate site area <i>(square metres)</i>	Approximate gross floor area <i>(square metres)</i>	Percentage of the Group's interest	Estimated completion date	Stage of development at 31 December 2022
<b>Overseas</b>						
3 pieces of land at Minakami Heights Golf Course Residence Gunma Japan	Residential	12,484	N/A	100	N/A	Vacant land

## Summary of Financial Information

	Year ended 31 December 2022 HK\$'000	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000	Year ended 31 March 2020 HK\$'000	Year ended 31 March 2019 HK\$'000
Profit/(Loss) attributable to equity holders of the Company	<b>488,768</b>	670,303	(829,662)	424,838	10,818
Total assets	<b>11,220,679</b>	11,570,242	11,088,801	11,177,569	11,786,366
Total liabilities	<b>(522,960)</b>	(349,419)	(401,045)	(589,281)	(842,148)
Net assets	<b>10,697,719</b>	11,220,823	10,687,756	10,588,288	10,944,218
Non-controlling interests	<b>(17,373)</b>	(20,162)	(20,017)	(18,391)	(20,869)
Equity attributable to equity holders of the Company	<b>10,680,346</b>	11,200,661	10,667,739	10,569,897	10,923,349

## 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 31 December 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	1,301,015
Fixed assets	4,427,879
Investment properties	31,478,355
Right-of-use assets	280,283
Interests in equity-accounted investees	8,983,117
Properties held for sale	393,296
Financial assets at fair value through other comprehensive income	835,547
Financial assets at fair value through profit or loss	306,731
Debtors, prepayments and other assets	1,071,989
Cash and cash equivalents	2,628,174
Other net assets	100,479
Bank and other borrowings	(18,886,678)
Lease liabilities	(260,684)
Creditors, accruals and other liabilities	(1,833,002)
Tax payable	(504,842)
Shareholders' advance	(3,285,284)
Deferred tax liabilities	(788,624)
Non-controlling interests	(17,628,663)
	<b>8,619,088</b>
Group's attributable interest ( <i>Note</i> )	<b>10,762,081</b>

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