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## LIPPO LIMITED

力寶有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 226)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board of Directors of Lippo Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023 together with the comparative figures for the corresponding period in 2022 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Note	Unaudited Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	4	<b>386,902</b>	314,946
Cost of sales	7	(154,846)	(138,689)
<b>Gross profit</b>		<b>232,056</b>	176,257
Other income	5	1,439	10,298
Administrative expenses		(207,798)	(203,285)
Other operating expenses	7	(85,600)	(82,131)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	7	28,927	(24,800)
Fair value gain/(loss) on investment properties		4,500	(4,400)
Other gains/(losses) — net	6	(6,639)	14,164
Finance costs		(50,775)	(27,464)
Share of results of associates		(10,499)	29,437
Share of results of joint ventures	8	90,169	268,254
<b>Profit/(Loss) before tax</b>	7	<b>(4,220)</b>	156,330
Income tax	9	(3,994)	(3,782)
<b>Profit/(Loss) for the period</b>		<b>(8,214)</b>	152,548
<b>Attributable to:</b>			
Equity holders of the Company		2,711	105,461
Non-controlling interests		(10,925)	47,087
		<b>(8,214)</b>	152,548
		<b>HK cents</b>	<b>HK cents</b>
<b>Earnings per share attributable to equity holders of the Company</b>	10		
Basic and diluted		<b>0.6</b>	21.4

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Profit/(Loss) for the period</b>	<b>(8,214)</b>	152,548
<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	(32,010)	(54,913)
Exchange differences reclassified to profit or loss upon:		
Liquidation of foreign operations	-	(21,791)
Deemed disposal of a foreign associate	-	(12)
Share of other comprehensive loss of associates	(3,713)	(17,700)
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	(179,684)	(449,488)
Other reserve	(145)	51,931
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	<b>(215,552)</b>	(491,973)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instruments at fair value through other comprehensive income	(18,330)	15
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	(76,299)	(281,634)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	<b>(94,629)</b>	(281,619)
Other comprehensive loss for the period, net of tax	<b>(310,181)</b>	(773,592)
<b>Total comprehensive loss for the period</b>	<b>(318,395)</b>	(621,044)
<b>Attributable to:</b>		
Equity holders of the Company	(214,311)	(456,325)
Non-controlling interests	(104,084)	(164,719)
	<b>(318,395)</b>	(621,044)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Intangible assets		21,034	21,034
Fixed assets		1,047,422	1,087,324
Investment properties		688,571	692,027
Right-of-use assets		143,131	156,370
Interests in associates		1,089,293	1,111,481
Interests in joint ventures	12	10,414,338	10,538,378
Financial assets at fair value through other comprehensive income		71,822	72,712
Financial assets at fair value through profit or loss		446,320	479,477
Debtors, prepayments and other assets	13	33,513	14,450
Deferred tax assets		6,172	6,937
		<u>13,961,616</u>	<u>14,180,190</u>
<b>Current assets</b>			
Properties held for sale		64,977	66,567
Properties under development		23,051	25,081
Inventories		23,334	25,196
Debtors, prepayments and other assets	13	176,134	116,121
Financial assets at fair value through profit or loss		197,204	308,509
Other financial assets		-	651
Tax recoverable		893	915
Cash and cash equivalents		823,987	868,547
		<u>1,309,580</u>	<u>1,411,587</u>
<b>Current liabilities</b>			
Bank and other borrowings		769,470	810,446
Lease liabilities		49,742	57,047
Creditors, accruals and other liabilities	14	182,654	220,950
Tax payable		148,353	146,980
		<u>1,150,219</u>	<u>1,235,423</u>
<b>Net current assets</b>		<u>159,361</u>	<u>176,164</u>
<b>Total assets less current liabilities</b>		<u>14,120,977</u>	<u>14,356,354</u>

	Note	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Bank and other borrowings		1,047,125	987,745
Lease liabilities		102,920	108,866
Creditors, accruals and other liabilities	14	8,373	9,150
Deferred tax liabilities		32,420	33,614
		<u>1,190,838</u>	<u>1,139,375</u>
<b>Net assets</b>		<u>12,930,139</u>	<u>13,216,979</u>
<b>Equity</b>			
Equity attributable to equity holders of the Company			
Share capital		986,598	986,598
Reserves		8,106,176	8,313,410
		<u>9,092,774</u>	<u>9,300,008</u>
Non-controlling interests		3,837,365	3,916,971
		<u>12,930,139</u>	<u>13,216,979</u>

Note:

## 1. BASIS OF PREPARATION

The interim results are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022. The interim results have been reviewed by the audit committee of the Company.

The financial information relating to the year ended 31 December 2022 that is included in the interim results as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim results are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations for the first time for the current period’s interim results:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim results but are expected to affect the accounting policy disclosures in the Group's annual financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

### 3. SEGMENT INFORMATION

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

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

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

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

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

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

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

## Six months ended 30 June 2023

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Other HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
<b>Revenue</b>									
External	44,260	-	3,889	2,281	328,848	-	7,624	-	386,902
Inter-segment	1,928	-	-	-	-	-	1,107	(3,035)	-
<b>Total</b>	<b>46,188</b>	<b>-</b>	<b>3,889</b>	<b>2,281</b>	<b>328,848</b>	<b>-</b>	<b>8,731</b>	<b>(3,035)</b>	<b>386,902</b>
<b>Segment results</b>	<b>24,265</b>	<b>(4,393)</b>	<b>3,889</b>	<b>26,686</b>	<b>(35,978)</b>	<b>(1,607)</b>	<b>305</b>	<b>(320)</b>	<b>12,847</b>
Unallocated corporate expenses									(63,733)
Finance costs									(33,004)
Share of results of associates	-	2,954	-	-	-	8,943	(22,396)	-	(10,499)
Share of results of joint ventures	90,555	3	-	-	(389)	-	-	-	90,169
Loss before tax									<u>(4,220)</u>
<b>Other segment information:</b>									
Capital expenditure ( <i>Note</i> )	45	10	-	-	19,360	-	199	-	19,614
Depreciation	(9,416)	(1)	-	-	(56,823)	-	(202)	1,592	(64,850)
Interest income	31,420	-	3,889	492	911	-	835	-	37,547
Finance costs	(11,268)	-	-	(33)	(6,477)	-	(9)	16	(17,771)
Loss on disposal of fixed assets	-	-	-	-	(2,428)	-	(33)	-	(2,461)
Provision for impairment losses on inventories	-	-	-	-	(757)	-	-	-	(757)
Net fair value gain on financial instruments at fair value through profit or loss	-	-	-	28,927	-	-	-	-	28,927
Fair value gain on investment properties	4,500	-	-	-	-	-	-	-	4,500
Unallocated:									
Capital expenditure ( <i>Note</i> )									1,129
Depreciation									(5,903)
Finance costs									(33,004)
Loss on disposal of fixed assets									<u>(2)</u>

Six months ended 30 June 2022

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

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

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
<b>At 30 June 2023 (unaudited)</b>									
<b>Segment assets</b>	<b>1,403,105</b>	<b>76,296</b>	<b>501,266</b>	<b>904,808</b>	<b>774,377</b>	-	<b>64,224</b>	<b>(1,225)</b>	<b>3,722,851</b>
Interests in associates	7,171	281,952	-	-	-	480,251	319,919	-	1,089,293
Interests in joint ventures	10,336,690	333	-	41,976	35,339	-	-	-	10,414,338
Unallocated assets									44,714
Total assets									<u>15,271,196</u>
<b>Segment liabilities</b>	<b>667,441</b>	<b>9,951</b>	-	<b>42,163</b>	<b>406,237</b>	<b>415,606</b>	<b>387,334</b>	<b>(1,036,854)</b>	<b>891,878</b>
Unallocated liabilities									<u>1,449,179</u>
Total liabilities									<u>2,341,057</u>
<b>At 31 December 2022 (audited)</b>									
<b>Segment assets</b>	<b>1,401,513</b>	<b>79,821</b>	<b>489,131</b>	<b>1,079,649</b>	<b>832,727</b>	-	<b>9,568</b>	<b>(4,567)</b>	<b>3,887,842</b>
Interests in associates	7,180	280,469	-	-	-	473,843	349,989	-	1,111,481
Interests in joint ventures	10,461,478	332	-	41,773	34,795	-	-	-	10,538,378
Unallocated assets									54,076
Total assets									<u>15,591,777</u>
<b>Segment liabilities</b>	<b>664,325</b>	<b>10,095</b>	-	<b>42,167</b>	<b>463,587</b>	<b>421,728</b>	<b>340,657</b>	<b>(1,003,780)</b>	<b>938,779</b>
Unallocated liabilities									<u>1,436,019</u>
Total liabilities									<u>2,374,798</u>

#### 4. REVENUE

An analysis of revenue is as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue from contracts with customers:		
Sale of goods and fast-moving consumer products	<b>158,454</b>	125,123
Sale of food and beverage	<b>169,020</b>	127,806
Provision of management services	<b>6,489</b>	8,918
	<u><b>333,963</b></u>	<u>261,847</u>
Revenue from other sources:		
Property rental income from operating leases:		
Variable lease payments that do not depend on an index or a rate	<b>479</b>	-
Other lease payments, including fixed payments	<b>12,361</b>	11,567
	<u><b>12,840</b></u>	<u>11,567</u>
Interest income	<b>37,547</b>	33,792
Dividend income	<b>1,789</b>	6,900
Other	<b>763</b>	840
	<u><b>386,902</b></u>	<u>314,946</u>

## Disaggregated revenue information for revenue from contracts with customers

Segments	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2023</b>			
Types of goods or services:			
Sale of goods and fast-moving consumer products	158,454	-	158,454
Sale of food and beverage	169,020	-	169,020
Provision of management services	-	6,489	6,489
	<u>327,474</u>	<u>6,489</u>	<u>333,963</u>
Total revenue from contracts with customers	<u>327,474</u>	<u>6,489</u>	<u>333,963</u>
Geographical markets:			
Hong Kong	104,336	5,134	109,470
Mainland China	-	1,109	1,109
Republic of Singapore	219,419	246	219,665
Malaysia	3,719	-	3,719
	<u>327,474</u>	<u>6,489</u>	<u>333,963</u>
Total revenue from contracts with customers	<u>327,474</u>	<u>6,489</u>	<u>333,963</u>
Timing of revenue recognition:			
Goods transferred at a point in time	327,474	-	327,474
Services transferred over time	-	6,489	6,489
	<u>327,474</u>	<u>6,489</u>	<u>333,963</u>
Total revenue from contracts with customers	<u>327,474</u>	<u>6,489</u>	<u>333,963</u>
<b>Six months ended 30 June 2022</b>			
Types of goods or services:			
Sale of goods and fast-moving consumer products	125,123	-	125,123
Sale of food and beverage	127,806	-	127,806
Provision of management services	-	8,918	8,918
	<u>252,929</u>	<u>8,918</u>	<u>261,847</u>
Total revenue from contracts with customers	<u>252,929</u>	<u>8,918</u>	<u>261,847</u>
Geographical markets:			
Hong Kong	73,164	5,267	78,431
Mainland China	-	1,150	1,150
Republic of Singapore	179,329	2,501	181,830
Malaysia	436	-	436
	<u>252,929</u>	<u>8,918</u>	<u>261,847</u>
Total revenue from contracts with customers	<u>252,929</u>	<u>8,918</u>	<u>261,847</u>
Timing of revenue recognition:			
Goods transferred at a point in time	252,929	-	252,929
Services transferred over time	-	8,918	8,918
	<u>252,929</u>	<u>8,918</u>	<u>261,847</u>
Total revenue from contracts with customers	<u>252,929</u>	<u>8,918</u>	<u>261,847</u>

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

Segments	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2023</b>			
Revenue from contracts with customers			
External customers	327,474	6,489	333,963
Inter-segment	-	1,107	1,107
	<u>327,474</u>	<u>7,596</u>	<u>335,070</u>
Total revenue from contracts with customers	327,474	7,596	335,070
Revenue from other sources — external	1,374	1,135	2,509
	<u>1,374</u>	<u>1,135</u>	<u>2,509</u>
Total segment revenue	<u>328,848</u>	<u>8,731</u>	<u>337,579</u>
<b>Six months ended 30 June 2022</b>			
Revenue from contracts with customers			
External customers	252,929	8,918	261,847
Inter-segment	-	2,118	2,118
	<u>252,929</u>	<u>11,036</u>	<u>263,965</u>
Total revenue from contracts with customers	252,929	11,036	263,965
Revenue from other sources — external	1,297	521	1,818
	<u>1,297</u>	<u>521</u>	<u>1,818</u>
Total segment revenue	<u>254,226</u>	<u>11,557</u>	<u>265,783</u>

## 5. OTHER INCOME

	<b>Six months ended 30 June</b>	
	2023 HK\$'000	2022 HK\$'000
Government grants ( <i>Note</i> )	<u>1,439</u>	<u>10,298</u>

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

## 6. OTHER GAINS/(LOSSES) — NET

	<b>Six months ended 30 June</b>	
	2023 HK\$'000	2022 HK\$'000
Loss on disposal of fixed assets	(2,463)	(37)
Loss on deemed disposal of an associate	-	(45)
Provision for impairment losses on inventories	(757)	(929)
Foreign exchange losses — net	(3,419)	(6,616)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	-	21,791
	<u>(6,639)</u>	<u>14,164</u>

## 7. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Cost of sales:		
Cost of inventories sold	(152,881)	(136,559)
Other	(1,965)	(2,130)
	<u>(154,846)</u>	<u>(138,689)</u>
Net fair value gain/(loss) on financial instruments at fair value through profit or loss:		
Financial assets at fair value through profit or loss mandatorily classified as such, including those held for trading:		
Equity securities	20,783	(73,761)
Debt securities	(1,324)	(1,288)
Investment funds	9,690	51,395
Derivative financial instruments	(222)	(1,146)
	<u>28,927</u>	<u>(24,800)</u>
Interest income:		
Loans and advances	33,035	31,451
Financial assets at fair value through profit or loss	476	812
Other	4,036	1,529
Depreciation of fixed assets	(39,327)	(38,187)
Depreciation of right-of-use assets	(31,426)	(28,167)
Selling and distribution expenses <sup>#</sup>	(21,096)	(19,060)
Legal and professional fees <sup>#</sup>	(11,338)	(10,226)
Consultancy and service fees <sup>#</sup>	(7,604)	(10,681)
Utilities charges <sup>#</sup>	(7,069)	(5,934)
Repairs and maintenance expenses <sup>#</sup>	(3,484)	(3,282)
	<u>(3,484)</u>	<u>(3,282)</u>

<sup>#</sup> The amounts are included in "Other operating expenses" in the condensed consolidated statement of profit or loss.

## 8. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures for the six months ended 30 June 2023 mainly included share of profit of Lippo ASM Asia Property Limited ("LAAPL", together with its subsidiaries, the "LAAPL Group") of HK\$93,010,000 (2022 — HK\$271,049,000). The change was mainly attributable to lower profit contribution from the joint venture's equity-accounted investees, higher finance expenses and less net fair value gain from the investments designated at fair value through profit or loss held by the joint ventures during the six months ended 30 June 2023.

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 and healthcare sectors. Certain bank facilities of the LAAPL Group were secured by certain listed shares held under it.

## 9. INCOME TAX

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Hong Kong:		
Charge for the period	2,125	2,191
Deferred	(585)	54
	<u>1,540</u>	<u>2,245</u>
Mainland China and overseas:		
Charge for the period	1,187	1,542
Overprovision in prior periods	-	(212)
Deferred	1,267	207
	<u>2,454</u>	<u>1,537</u>
Total charge for the period	<u>3,994</u>	<u>3,782</u>

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5% (2022 — 8.25% or 16.5%), as appropriate. For the companies operating in mainland China and the Republic of Singapore, corporate taxes have been calculated on the estimated assessable profits for the period at the rates of 25% and 17% (2022 — 25% and 17%), respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

### (a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 493,154,000 ordinary shares (2022 — approximately 493,154,000 ordinary shares) in issue during the period.

### (b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

## 11. INTERIM DIVIDEND

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Interim dividend, declared — Nil (2022 — Nil)	<u>-</u>	<u>-</u>

## 12. INTERESTS IN JOINT VENTURES

Interests in joint ventures mainly included the Group's interests in LAAPL. As at 30 June 2023, the Group's total interests in LAAPL was approximately HK\$10,185,445,000 (31 December 2022 — HK\$10,314,687,000).

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

## 13. DEBTORS, PREPAYMENTS AND OTHER ASSETS

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

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Outstanding balances with ages:		
Within 30 days	27,715	28,210
Between 31 and 60 days	21,615	19,105
Between 61 and 90 days	13,570	12,155
Over 90 days	469	582
	<b>63,369</b>	60,052

## 14. CREDITORS, ACCRUALS AND OTHER LIABILITIES

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

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Outstanding balances with ages:		
Within 30 days	23,331	32,617
Between 31 and 60 days	11,247	10,601
Between 61 and 90 days	440	460
Over 90 days	1,437	1,642
	<b>36,455</b>	45,320

## **BUSINESS REVIEW**

### **Overview**

The World Health Organisation announced in May 2023 that it no longer considered COVID-19 pandemic (the “Pandemic”) to be a global health emergency. However, forces hindered growth in 2022 persisted during the six months ended 30 June 2023 (the “Period”). Inflation remained high. Tight monetary and fiscal policies in response to inflation had raised the cost of borrowing and constrained the economic activity. Mainland China’s reopening at the beginning of the Period lifted its economy but the recovery momentum was slow. After a second year of rapid economic recovery from the Pandemic in 2022, economic growth momentum in the Republic of Singapore (“Singapore”) had moderated significantly during the Period. However, international tourism has rebounded substantially in Singapore.

### **Results for the Period**

Against this backdrop, the Group recorded a consolidated profit attributable to shareholders of HK\$3 million for the Period, as compared to a consolidated profit of HK\$105 million for the six months ended 30 June 2022 (“2022”). The change was mainly attributable to the decrease in share of profit of the Group’s joint ventures for the Period.

Total revenue for the Period increased to HK\$387 million (2022 — HK\$315 million), of which 64% (2022 — 67%) and 31% (2022 — 27%) were generated from Singapore and Hong Kong, respectively. Food businesses remain the principal sources of revenue of the Group and registered 29% increase in revenue after all the Pandemic’s containment measures in Hong Kong were removed in late 2022, contributing to 85% (2022 — 81%) of total revenue for the Period.

The Group’s other operating expenses mainly included selling and distribution expenses and utilities charges for food businesses, legal and professional fees, consultancy and service fees, and repairs and maintenance expenses. Other operating expenses amounted to HK\$86 million for the Period (2022 — HK\$82 million).

### ***Property investment***

The total segment revenue from the property investment business for the Period amounted to HK\$46 million (2022 — HK\$44 million), which was mainly attributable to recurrent rental income from the Group’s investment properties and interest income from the loans to the Group’s joint ventures.

The Group’s property investment portfolio mainly comprises commercial properties in Hong Kong and mainland China. The Group recorded fair value gain on investment properties of HK\$5 million for the Period (2022 — loss of HK\$4 million). Segment profit before accounting for the share of results from the Group’s joint ventures amounted to HK\$24 million for the Period (2022 — HK\$21 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 and healthcare sectors. As at 30 June 2023, the LAAPL Group had an equity interest of approximately 73.0% in OUE.

OUE Commercial Real Estate Investment Trust (“OUE C-REIT”), a subsidiary of OUE, is one of the largest diversified REITs listed on the SGX-ST. The property portfolio of OUE C-REIT includes OUE Bayfront, One Raffles Place, OUE Downtown Office, Hilton Singapore Orchard, the adjoining Mandarin Gallery and Crowne Plaza Changi Airport in Singapore as well as Lippo Plaza in Shanghai, the People’s Republic of China (the “PRC”). The LAAPL Group had an aggregate of approximately 49.4% interest in OUE C-REIT as at 30 June 2023.

The commercial segment of OUE C-REIT's property portfolio remained healthy, with stable or improving occupancies and continued positive rental reversions. While finance costs continued to present headwinds due to high interest rates, the impact on distributions was mitigated by the portfolio's higher revenue and net property income growth, as well as its prudent capital management approach. As at 30 June 2023, the committed occupancy of OUE C-REIT's Singapore office portfolio remained stable at 96.1%. Against the backdrop of improving retailer sentiment due to healthy retail sales and the recovery in visitor arrivals, Mandarin Gallery's committed occupancy (excluding short-term leases) increased quarter-on-quarter to 96.4% in the second quarter of 2023, while its rental reversion continued to be positive. Shopper traffic and tenant sales in the second quarter of 2023 remained stable at 98% and 83% of pre-Pandemic levels, respectively. Meanwhile, the hospitality segment of OUE C-REIT performed above pre-Pandemic levels, driven by higher room rates and supported by the continued recovery of tourism and meetings, incentives, conventions and exhibitions (MICE) sectors in Singapore and the full-opening of Hilton Singapore Orchard. To capture the strong wave of tourists and business travellers anticipated in 2024 and beyond, OUE C-REIT and OUE announced a S\$22 million asset enhancement initiative for Crowne Plaza Changi Airport to revitalise the offerings at the landmark asset which has been crowned the World's Best Airport Hotel for eight consecutive years by Skytrax. The enhancements include the addition of 12 guest rooms, an extensive revamp of the all-day dining restaurant to complement the current F&B offerings at Changi Airport and the creation of new and flexible meeting facilities by optimising and repurposing underutilised spaces to enhance value and drive greater returns.

OUE Healthcare Limited ("OUEH", formerly known as OUE Lippo Healthcare Limited, together with its subsidiaries, the "OUEH Group"), a subsidiary of OUE listed on the sponsor-supervised listing platform (the "Catalist Board") of the SGX-ST, is a regional healthcare group that is focused on building a regional healthcare ecosystem. OUEH owns, operates and invests in quality healthcare businesses in high-growth markets including operating and managing a respiratory and cardiothoracic specialist group in Singapore and jointly developing and operating two hospitals in the PRC with China Merchants Group, as well as jointly operating and managing Myanmar's leading private hospital group. As at 30 June 2023, the OUE Group owned approximately 70.4% equity interest in OUEH. Since the establishment of a medical partnership with three medical specialist groups (the "Medical Partners") in 2022, the Medical Partners have grown from 11 doctors to 13 doctors comprising 11 respiratory specialists and 2 cardiothoracic surgeons. The Medical Partners will collectively be branded under the "O2 Healthcare" brand name so to strengthen their market recognition and presence. In mainland China, the Changshu China Merchants-Lippo Obstetrics & Gynaecology Hospital (the "Changshu Hospital") was officially commissioned in May 2023. The 100-bed hospital is Changshu's first private Obstetrics and Gynaecology hospital, offering premium medical services in obstetrics, gynaecology, paediatrics and ancillary medical services such as medical aesthetics. It also houses a confinement centre with premium postpartum rehabilitative suites that provides postpartum wellness services. The construction and development of Shenzhen China Merchants-Lippo Prince Bay Hospital (the "Prince Bay Hospital"), with a total capacity of over 200 beds, continue to progress as planned and is on track to be commissioned in 2024. The Prince Bay Hospital is positioned to be a premium general hospital of international standards serving the affluent population in the Greater Bay Area. In April 2023, the OUEH's joint venture entered into an agreement with The Chinese University of Hong Kong for consultancy services for the operation of an international medical centre in the Prince Bay Hospital. Both the Changshu Hospital and the Prince Bay Hospital will be operated by the OUEH Group's joint venture with the China Merchants Group. Myanmar's social-political situation remains volatile. Local businesses had to contend with various challenges which include import curbs, foreign exchange restrictions, further depreciation of Myanmar Kyats leading to rising inflation and frequent power outages. Despite the challenging operating environment, the OUEH Group's joint venture hospital group with First Myanmar Investments, Pun Hlaing Hospitals, has continued to report stable operations, supported by the demand for its healthcare services as an essential social service. The OUEH Group will continue to monitor market conditions closely to navigate the challenging operating environment.

As at 30 June 2023, the OUE Group (including that held through the OUEH Group) had an approximately 44.5% interest in First Real Estate Investment Trust ("First REIT"), which is listed on the Mainboard of the SGX-ST. First REIT is a healthcare real estate investment trust which invests in diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes. As at 30 June 2023, First REIT has 32 properties comprising 14 in Japan, 15 in Indonesia and 3 in Singapore. All the healthcare and healthcare-related properties continued to deliver

sustainable rental growth for the Period. Global economic uncertainties have brought about a challenging business environment, but First REIT has grown in resilience through the early refinancing of debt and the ongoing diversification of its geographical and tenant mix, in line with its growth strategy of diversifying into developed markets to comprise more than 50% of its portfolio by the year 2027 and reshaping its portfolio for capital efficient growth through the divestment of non-core or mature assets.

In July 2023, a wholly-owned subsidiary of OUEH (the “Offeror”) has announced that it will make a conditional exit offer at S\$0.048 per offer share in cash, to acquire all the issued ordinary shares in Healthway Medical Corporation Limited (“Healthway”, together with its subsidiaries, the “Healthway Group”), other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (the “Exit Offer”), in connection with the proposed voluntary delisting of Healthway from the Official List of the SGX-ST. As set out in the joint announcement released by OUEH and Healthway on 3 July 2023 (the “Joint Announcement”) in relation to the proposed voluntary delisting and the Exit Offer, this marks a milestone step for OUEH in building a regional healthcare ecosystem, anchored on Singapore’s high standards of medical excellence. As was also mentioned in the Joint Announcement, the Exit Offer presents a unique opportunity for OUEH to tap into the growing Singapore healthcare market, including the Healthier SG Initiative announced by the Singapore government, where the nation is moving towards a patient-centred preventive healthcare model following the Pandemic, and the national shift towards preventive care from reactive care will also drive healthcare innovations that will translate into new business opportunities for private healthcare players.

The Group recorded a share of profit of joint ventures of HK\$93 million from its investment in LAAPL for the Period (2022 — HK\$271 million). The change was mainly attributable to lower profit contribution from the joint venture’s equity-accounted investees, higher finance expenses and less fair value gain from the investments designated at fair value through profit or loss held by the joint ventures. 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 Period, the Group’s total interests in LAAPL as at 30 June 2023 decreased to HK\$10.2 billion (31 December 2022 — HK\$10.3 billion).

### ***Property development***

The sale of the remaining properties at Lippo Plaza in Beijing, the PRC remained stagnant during the Period due to the gloomy local property market. The segment recorded a loss of HK\$4 million for the Period (2022 — profit of HK\$17 million, which included a HK\$22 million translation gain released from exchange equalisation reserve to statement of profit or loss upon dissolution of a joint venture) before accounting for the share of results from the Group’s associates and joint ventures.

### ***Food businesses***

The Group’s food businesses segment recorded a revenue of HK\$329 million for the Period (2022 — HK\$254 million), mainly from food retail operations in chains of cafés and bistros and food manufacturing. After the lifting of the dine-in restrictions and social gatherings in late 2022, the performance of the food retail business in Hong Kong was improved. The performance of the Group’s food manufacturing business was also improved during the Period. Such improvement was mainly due to enhanced operational cost management and higher sales revenue. However, the operating environment of the food businesses of the Group as a whole remains challenging due to intense competition, manpower shortages, high operation cost and slower-than-expected economic recovery. As a result, the segment loss amounted to HK\$36 million for the Period (2022 — HK\$67 million).

The Group will continue to focus on its food retail business and food manufacturing business. The Group is currently operating restaurants under the brands such as “Chatterbox Café”, “Chatterbox Express”, “Délifrance”, “alfafa” and “Lippo Chiuchow Restaurant”. A new concept store “Délifrance Bistro” was opened during the Period. The Group had opened a new “Chatterbox Café” outlet in “The Wai” in Tai Wai, Shatin in July 2023 and is well received. It is expected that another new “Chatterbox Café” outlet will be opened in Kai Tak in the second half of the year.

### *Treasury and securities investments*

The Group managed its investment portfolio in accordance with its investment committee's terms of reference and looked for opportunities to enhance yields. The Group invested in a diversified portfolio mainly including listed and unlisted equity securities, debt securities and investment funds. Treasury and securities investments businesses recorded a total revenue of HK\$6 million during the Period (2022 — HK\$9 million). The global stock markets and bond markets were still volatile during the Period. The Group recorded a net fair value gain of HK\$29 million in the statement of profit or loss from its securities investments for the Period as compared with a loss of HK\$25 million in 2022 under this segment. As a result, the treasury and securities investments businesses recorded a net profit of HK\$31 million in the statement of profit or loss for the Period (2022 — loss of HK\$19 million).

During the Period, the Group reduced the size of its investment portfolio in response to the high volatility of the markets. As at 30 June 2023, the treasury and securities investment portfolio of HK\$1,406 million (31 December 2022 — HK\$1,568 million) comprised mainly cash and bank balances of HK\$676 million (31 December 2022 — HK\$700 million), financial assets at fair value through profit or loss ("FVPL") of HK\$644 million (31 December 2022 — HK\$788 million) and financial assets at fair value through other comprehensive income ("FVOCI") of HK\$72 million (31 December 2022 — HK\$73 million). Further details of securities investments under different categories are as follows:

#### *Financial assets at fair value through profit or loss*

As of 30 June 2023, the Group's financial assets at FVPL amounted to HK\$644 million (31 December 2022 — HK\$788 million), comprising equity securities of HK\$133 million (31 December 2022 — HK\$235 million), debt securities of HK\$43 million (31 December 2022 — HK\$44 million) and investment funds of HK\$468 million (31 December 2022 — HK\$509 million).

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

	As at 30 June 2023			As at 31 December 2022	Six months ended 30 June 2023
	Fair value HK\$'000	Approximate percentage of financial assets at FVPL	Approximate percentage to the total assets	Fair value HK\$'000	Net fair value gain HK\$'000
GSH Corporation Limited ("GSH")	76,600	11.9%	0.5%	72,918	3,682
Amasia CIV T, L.P. ("Amasia")	56,351	8.8%	0.4%	56,111	241
Quantedge Global Fund ("Quantedge")	38,049	5.9%	0.2%	49,860	2,407
Ascapia Fund II ("Ascapia")	36,778	5.7%	0.2%	34,992	1,989
Others ( <i>Note</i> )	435,746	67.7%	2.9%	574,105	20,830
<b>Total</b>	<b>643,524</b>	<b>100.0%</b>	<b>4.2%</b>	<b>787,986</b>	<b>29,149</b>

*Note:* Others comprised of various securities, none of which accounted for more than 5.5% of financial assets at FVPL as at 30 June 2023.

## GSH

As at 30 June 2023, the fair value of the Group's equity securities in GSH amounted to HK\$77 million, representing approximately 11.9% and 0.5% of the Group's total financial assets at FVPL and total assets, respectively. An unrealised fair value gain of HK\$4 million was recognised by the Group for the Period. The Group also invested in the listed convertible bonds issued by GSH. As at 30 June 2023, the fair value of the Group's debt securities in GSH amounted to HK\$20 million, representing approximately 3.1% and 0.1% of the Group's total financial assets at FVPL and total assets, respectively.

GSH, having its shares listed on the Mainboard of the SGX-ST, is a property developer in Asia with five properties under development in Malaysia and mainland China. It also owns and operates the Sutera Harbour Resort in Kota Kinabalu, comprising two five-star hotels, a 104-berth marina and a 27-hole championship golf course, and the idyllic Sutera@Mantanani Resort on the Mantanani Islands in Sabah. GSH's hospitality revenue continues to recover but the operating costs are increasing due to higher personnel expense, utilities charges and maintenance costs. With the opening of travel from mainland China, there was increased interest in property business in Malaysia though the real estate market in mainland China remained challenging.

## Amasia

Amasia is a single portfolio fund, consisting of only one company namely Dialpad, Inc. ("Dialpad"), which was founded in 2011 and has its headquarters in the U.S. Dialpad offers a suite of business communication software, including PBX in the cloud as well as conference calling solution. The Group invested US\$2 million into Amasia in year 2015 for long-term capital gain. As at 30 June 2023, the fair value of the Group's investment in Amasia maintained at HK\$56 million, representing approximately 8.8% and 0.4% of the Group's total financial assets at FVPL and total assets, respectively. The Group reported a fair value gain of HK\$0.2 million for the Period.

## Quantedge

Quantedge is an unlisted investment fund which aims to achieve absolute long-term capital growth by investing in multiple asset classes across the globe. The performance of Quantedge is satisfactory. Cumulated fair value gain has been recognised by the Group in prior years and fair value gain of HK\$2 million was recorded by the Group for the Period. In line with the objective of the Group to manage its investment portfolio by adopting a proactive but prudent approach, partial redemption of investment in Quantedge has been made since year 2022 to realise the cumulated fair value gain and to re-allocate the proceeds for general working capital. During the Period, the Group partially redeemed HK\$14 million of the investment. As a result, the fair value of the Group's investment in Quantedge decreased to HK\$38 million as at 30 June 2023, representing approximately 5.9% and 0.2% of the Group's total financial assets at FVPL and total assets, respectively. Further redemption with estimated proceeds of approximately HK\$1.9 million is expected to be completed by 31 August 2023.

## Ascapia

Ascapia is an unlisted investment fund with investment objective to preserve capital and deliver attractive risk-adjusted returns and to outperform the market indices in bearish markets. The investment manager seeks to avoid securities that it considers to be fraudulent, faddish, or financially unsustainable and actively attempts to hedge tail-risk with currency, commodities or futures. As at 30 June 2023, the fair value of the Group's investment in Ascapia amounted to HK\$37 million, representing approximately 5.7% and 0.2% of the Group's total financial assets at FVPL and total assets, respectively. The Group reported a fair value gain of HK\$2 million for the Period. The Group has partially redeemed the investment in Ascapia since year 2022 to unlock the cumulated fair value gain. Further redemption of approximately HK\$26 million will be completed in the second half of year 2023.

### *Financial assets at fair value through other comprehensive income*

In addition to the above investments under financial assets at FVPL, the Group also invested in equity securities which are held for long term strategic purposes and recorded them under financial assets at FVOCI. As at 30 June 2023, the fair value of such investments amounted to HK\$72 million (31 December 2022 — HK\$73 million). The decrease of financial assets at FVOCI during the Period was mainly due to the fair value loss recorded in other comprehensive income of HK\$18 million offset with acquisition of a listed equity investment of HK\$17 million during the Period.

GenieBiome Holdings Limited (“GB”) is one of the major investments in this category. As at 30 June 2023, the fair value of the Group’s investment in GB amounted to HK\$19 million, representing approximately 26.5% and 0.1% of the Group’s total financial assets at FVOCI and total assets, respectively. In 2021, the Group made an investment in GB, a biotech company established by a team of internationally renowned university professors of medicine and clinician-scientists in Hong Kong. GB pioneers the use of novel microbes as diagnostic markers and potential remedies for different diseases, and has positioned itself to be a leading force in the development of new diagnostics and therapeutics based on the gut microbiome. GB has a pipeline of new products to be launched in market as well as continuing its research and development using microbes for diagnostic and therapeutic purposes. The Group recorded an unrealised fair value gain of HK\$0.1 million through other comprehensive income for the Period.

### ***Healthcare services***

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

The Healthway Group posted stronger revenue for the Period. The revenue growth was contributed by an increase in revenue from the specialist healthcare segment, offset by the decrease in revenue from primary healthcare segment. As Singapore eases pandemic measures and enters into an endemic COVID-19 new norm, there was no revenue contribution from COVID-19 polymerase chain reaction and serology testing projects during the Period for the primary healthcare segment. However, primary healthcare segment witnessed an increase in patient volume and revenue contribution comprising organic growth and from the acquisition of general practice clinics during the Period. The Group recognised a share of profit of HK\$9 million (2022 — HK\$18 million) from Healthway for the Period. As at 30 June 2023, the Group’s interest in Healthway amounted to HK\$480 million (31 December 2022 — HK\$474 million).

The Healthway Group is an active participant of Healthier SG, the national initiative by the Ministry of Health in Singapore focusing on preventive health, with 55 clinics in its network already enrolled in Healthier SG. This is in line with the Healthway Group’s steadfast commitment to empower individuals to take charge of their health through preventive care, by enrolling with a family doctor to support them in their healthcare needs throughout their lives. Apart from encouraging both its patients and clinics to embark on the Healthier SG journey, the Healthway Group has continued to grow its primary care clinic network. During the Period, the Healthway Group set up a total of three greenfield clinics and acquired four clinics. Since the lifting of all border restrictions in February 2023, Singapore has continued to experience an influx of foreign patients seeking medical treatment. The Healthway Group has been well-prepared to cater to this surging demand as bolstering its specialist healthcare segment has been a priority over the past few years. A prime example of its commitment in this area is the recent acquisition of UROHEALTH Pte Ltd., one of the largest private urology practices in Singapore.

The OUEH Group recently announced the launch of an Exit Offer. The potential synergies between the Healthway Group and the OUEH Group will provide cost-saving opportunities through streamlining of operations and economies of scale.

## ***Other business***

The Group recorded a share of loss of HK\$22 million from its investment in TIH Limited (“TIH”, together with its subsidiaries, the “TIH Group”), a 39.9% owned associate of the Group and listed on the Mainboard of the SGX-ST, for the Period (2022 — profit of HK\$6 million). Such loss was mainly attributable to fair value loss on its debt investment and equity investments at fair value through profit or loss and operating expenses. The Group’s interests in TIH as at 30 June 2023 amounted to HK\$268 million (31 December 2022 — HK\$298 million).

The TIH Group currently has two business segments, that is, investment business and fund management. The TIH Group’s income is mostly derived from the realisation and/or revaluation of its investments and fee income. Total deal value in Southeast Asia’s private equity market has declined significantly in 2022 and 2023 due to increased challenges given softer economic environment, increasing volatility and greater uncertainty. With the slowdown in dealmaking, investors are sitting on a higher amount of capital ready to be deployed in anticipation of potential market correction. The current operating environment is likely to provide investors with opportunities to invest in companies at good value and private equity investments are expected to remain attractive. Defensive sectors such as healthcare and consumer staples are expected to drive the recovery of private equity activities. TIH will continue to monitor the market vigilantly to identify investment opportunities and capitalise on it as and when they arise, leveraging its expertise and track record in cross-border private equity deals.

## **Financial Position**

The Group’s financial position remained healthy. As at 30 June 2023, its total assets amounted to HK\$15.3 billion (31 December 2022 — HK\$15.6 billion). Property-related assets amounted to HK\$12.1 billion as at 30 June 2023 (31 December 2022 — HK\$12.2 billion), representing 79% (31 December 2022 — 78%) of the total assets. Total liabilities amounted to HK\$2.3 billion (31 December 2022 — HK\$2.4 billion). As at 30 June 2023, total cash and cash equivalents amounted to HK\$0.8 billion (31 December 2022 — HK\$0.9 billion). Current ratio as at 30 June 2023 was 1.1 (31 December 2022 — 1.1).

As at 30 June 2023, bank and other borrowings of the Group amounted to HK\$1,817 million (31 December 2022 — HK\$1,798 million), which included bank borrowings of HK\$1,541 million (31 December 2022 — HK\$1,717 million) and other loans of HK\$276 million (31 December 2022 — HK\$81 million).

As at 30 June 2023, bank borrowings comprised secured bank loans of HK\$1,077 million (31 December 2022 — HK\$1,261 million) and unsecured bank loans of HK\$464 million (31 December 2022 — HK\$456 million). The Group’s bank borrowings were denominated in Hong Kong dollars, Singapore dollars and Malaysian ringgits and secured by fixed and floating charges on certain properties and assets of certain subsidiaries and shares in certain subsidiaries of the Group. All the Group’s bank borrowings carried interest at floating rates. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure.

As at 30 June 2023, other loans comprised secured portion of HK\$26 million (31 December 2022 — HK\$11 million) and unsecured portion of HK\$250 million (31 December 2022 — HK\$70 million). The Group’s other loans were denominated in Hong Kong dollars and Singapore dollars. The secured other loans were fixed rate loans from a third party and were secured by certain financial assets of the Group. The unsecured other loans included a fixed rate loan of HK\$70 million (31 December 2022 — HK\$70 million) from a holding company of the Company and loans from a joint venture of the Group of HK\$180 million (31 December 2022 — Nil) which carried interest at floating rates.

As at 30 June 2023, approximately 42% (31 December 2022 — 45%) of the bank and other borrowings were repayable within one year or on demand. As at 30 June 2023, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 15.8% (31 December 2022 — 14.9%).

The net asset value attributable to equity holders of the Company decreased to HK\$9.1 billion as at 30 June 2023 (31 December 2022 — HK\$9.3 billion), which was mainly attributable to the share of reduction in reserves of the LAAPL Group for the Period. This was equivalent to HK\$18.4 per share as at 30 June 2023 (31 December 2022 — HK\$18.9 per share).

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

The Group had bankers' guarantees issued in lieu of rental and utility deposits for the premises used for operation of food businesses. As at 30 June 2023, the Group has secured bankers' guarantees of HK\$1 million (31 December 2022 — HK\$1 million) and unsecured bankers' guarantees of HK\$4 million (31 December 2022 — HK\$3 million). The secured bankers' guarantees were secured by certain assets of the Group. Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31 December 2022 — Nil).

Total capital commitment of the Group as at 30 June 2023 amounted to HK\$103 million (31 December 2022 — HK\$121 million), which are mainly related to the committed investments in certain unlisted investment funds for long-term strategic purpose. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

### **Staff and Remuneration**

The Group had 786 full-time employees as at 30 June 2023 (30 June 2022 — 815 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Period amounted to HK\$150 million (2022 — HK\$150 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**

Ongoing geopolitical tensions and growing geoeconomic fragmentation continue. Prospects for a robust global economic recovery remain uncertain amid stubborn inflation, rising interest rates and heightened uncertainties. Singapore narrowed its economic growth forecast for 2023 to the range of 0.5% to 1.5%, down from the range of 0.5% to 2.5% expected earlier, amid a weak global economy and sluggish demand among key trade partners like mainland China. A slowdown risks to mainland China's growth outlook are tilted to the downside. Sluggish income growth and excessive leverage among the property developers remain to be addressed. It is expected that the Chinese government will roll out more stimulus policies. The International Monetary Fund recently revised their forecast for global economic growth from an estimated 3.5% in 2022 to 3.0% for 2023 and 2024, reflecting their lack of confidence in a strong economic rebound. Amid the challenging operating environment, the Group and its associates and joint ventures will continue to exercise prudent capital management in their operations.

### **INTERIM DIVIDEND**

The Directors have resolved not to declare the payment of any interim dividend for the six months ended 30 June 2023 (2022 — Nil).

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

During the six months ended 30 June 2023, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “Committee”). The existing members of the Committee comprise two independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman) and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2023.

## **CORPORATE GOVERNANCE**

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

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30 June 2023.

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

Hong Kong, 30 August 2023

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