Lippo China Resources Limited

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)

2022

ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

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

COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

SECRETARY

Ms. Millie Yuen Fun Luk

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

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

SOLICITORS

Howse Williams

REGISTRAR

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

REGISTERED OFFICE

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

STOCK CODE

156

WEBSITE

www.lcr.com.hk

Chairman's Statement

I hereby present the annual report of the Company (together with its subsidiaries, the "Group") for the year ended 31 December 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. The global stock market was volatile in 2022. The Group recorded a consolidated loss attributable to shareholders of approximately HK$278 million for the Year, as compared to a consolidated profit of approximately HK$49 million for the year ended 31 December 2021 ("2021").

The Group's food retail businesses continued to be affected by the COVID-19 Pandemic's restrictive measures, especially in Hong Kong, during the Year. After the lifting of the COVID-19 pandemic's restrictive measures on dining-in and social gatherings, business momentum is picking up. Technology has played a vital role in the food business. The Group has launched a mobile app, namely "Cuisine Rewards" in Hong Kong market, to provide a platform for the Group to communicate with its customers easily and provide high efficiency marketing as well as online ordering channels. On the other hand, the food manufacturing business has also been impacted by operational and new market challenges. The operating environment for the Group's food businesses as a whole continues to be subject to intense competition, manpower shortages, uncertain economic outlook and high operating costs. Although the operating environment is difficult, the Group is confident in the long-term prospects of the food businesses.

Healthway Medical Corporation Limited (together with its subsidiaries, the "Healthway Group"), an associate of the Company, further expanded its network in Singapore during the Year by opening new clinics, including new Nobel medical specialist clinics and a new health screening centre, and acquiring new brands in specialty services. Subsequent to the end of the Year, the Healthway Group acquired three new clinics in Singapore. The Healthway Group currently owns, operates and manages more than 100 clinics and medical centres and is one of the largest outpatient clinic chains in Singapore. The Healthway Group stands committed to fortify its patient-centric healthcare system to cater to evolving healthcare demands.

Due to the extremely volatile global stock markets and bond markets, the Group recorded a net fair value loss of HK$105 million from its securities investments for the Year, as compared with a gain of HK$218 million in 2021. The Group would closely monitor its investment portfolio and the market situation.

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. King Fai Tsui 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. Tsui for his valuable service and contribution to the Group during his tenure of service.

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 hereby 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. The global stock market exhibited substantial volatility in 2022. The operating environment was challenging during the Year. Amid this background, most countries have reopened their economies and are moving forward from the Pandemic. The Singapore economy expanded by 3.6% for the Year, moderating from the 8.9% growth in 2021.

Results for the Year

Against this backdrop, the Group recorded a consolidated loss attributable to shareholders of HK$278 million for the Year, as compared to a consolidated profit of HK$49 million for the year ended 31 December 2021 ("2021"). The variance of results for the Year as compared with 2021 was mainly attributable to net fair value loss on financial instruments at fair value through profit or loss of the Group during the Year while a net fair value gain was recorded in 2021.

Total revenue for the Year decreased to HK$607 million (2021 — HK$649 million), of which 64% (2021 — 60%) and 32% (2021 — 37%) were generated from Singapore and Hong Kong, respectively. Food businesses remained the principal sources of revenue of the Group, contributing to 92% (2021 — 92%) of total revenue for the Year but registered a 6% decrease as such businesses continued to be affected by Pandemic's containment measures, especially in Hong Kong, during the Year.

The Group's other operating expenses mainly included selling and distribution expenses and utilities charges for food businesses, legal and professional fees, consultancy and service fees, and repairs and maintenance expenses. Other operating expenses amounted to HK$138 million for the Year (2021 — HK$150 million).

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Food businesses

The Group's food businesses segment recorded a revenue of HK$560 million (2021 — HK$596 million), mainly from food retail operations in chains of cafés and bistros and food manufacturing. The performance of the food retail business in Singapore was satisfactory after the relaxation of containment measures and border restrictions in Singapore since end of March 2022. The operating environment of the food retail business in Hong Kong was difficult as stringent social distancing measures were imposed during most of the Year with consumer spending gradually picking up after the lifting of most of the dine-in restrictions and social gatherings in late December 2022. The Group's food manufacturing business was also impacted by operational challenges, input cost pressures arising from the global inflationary environment and challenges expanding into the Malaysian market. The operating environment of the food businesses of the Group as a whole remains difficult and challenging due to intense competition, manpower shortages, high operation cost and uncertainty in economic outlook. As a result, the segment loss increased to HK$111 million for the Year (2021 — HK$67 million).

The Group will continue to focus on its food retail business and food manufacturing business. The Group is currently operating restaurants under the brands such as "Chatterbox Café", "Chatterbox Express", "Délifrance", "alfafa" and "Lippo Chiuchow Restaurant". To improve its competitiveness, the Group is undertaking a rebranding exercise for "Délifrance". A new concept store "Délifrance Bistro" was recently opened in March 2023 and is well received. The Group would further expand the brand "Chatterbox" by opening two new outlets in 2023.

Property investment

Segment revenue was mainly attributable to recurrent rental income from the Group's investment properties. The total segment revenue for the Year amounted to HK$21 million (2021 — HK$22 million).

The Group's property investment portfolio mainly comprises commercial properties in Hong Kong and mainland China. The property market sentiments in these regions were sluggish during the Year. The Group recorded fair value loss on investment properties of HK$22 million for the Year (2021 — HK$7 million). As a result, the property investment segment reported a loss of HK$23 million for the Year (2021 — HK$7 million).

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

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$15 million for the Year (2021 — HK$19 million). The global stock markets and bond markets were very volatile and suffered losses during the Year. The Group recorded a net fair value loss of HK$105 million in the statement of profit or loss from its securities investments for the Year as compared with a gain of HK$218 million in 2021 under this segment. As a result, the treasury and securities investments businesses recorded a net loss of HK$97 million in the statement of profit or loss for the Year (2021 — profit of HK$215 million).

During the Year, the Group reduced the size of its investment portfolio in response to the high volatility of the markets. As at 31 December 2022, the treasury and securities investments portfolio of HK$1,370 million (31 December 2021 — HK$1,947 million) comprised mainly cash and bank balances of HK$505 million (31 December 2021 — HK$733 million), financial assets at fair value through profit or loss ("FVPL") of HK$785 million (31 December 2021 — HK$1,129 million) and financial assets at fair value through other comprehensive income ("FVOCI") of HK$73 million (31 December 2021 — HK$79 million). Further details of securities investments under different categories are as follows:

Financial assets at fair value through profit or loss

As of 31 December 2022, the Group's financial assets at FVPL amounted to HK$785 million (31 December 2021 — HK$1,129 million), comprising equity securities of HK$235 million (31 December 2021 — HK$449 million), debt securities of HK$41 million (31 December 2021 — HK$53 million) and investment funds of HK$509 million (31 December 2021 — HK$627 million).

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

	As at 31 December 2022			As at 31 December 2021	Year ended 31 December 2022
	Fair value HK$'000	Approximate percentage of financial assets at FVPL	Approximate percentage to the total assets	Fair value HK$'000	Net fair value loss HK$'000
GSH Corporation Limited ("GSH")	72,918	9.3%	1.7%	78,649	(5,731)
Amasia CIV T, L.P. ("Amasia")	56,111	7.2%	1.3%	55,967	(12)
Quantedge Global Fund ("Quantedge")	49,860	6.3%	1.1%	84,838	(16,234)
Others *(Note)*	605,736	77.2%	13.8%	909,992	(79,294)
Total	784,625	100.0%	17.9%	1,129,446	(101,271)

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

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments *(continued)*

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

GSH

As at 31 December 2022, the fair value of the Group's equity securities in GSH amounted to HK$73 million, representing approximately 9.3% and 1.7% of the Group's total financial assets at FVPL and total assets, respectively. An unrealised fair value loss of HK$6 million was recognised by the Group for the Year. The Group also invested in the listed convertible bonds issued by GSH. As at 31 December 2022, the fair value of the Group's debt securities in GSH amounted to HK$18 million, representing approximately 2.3% and 0.4% of the Group's total financial assets at FVPL and total assets, respectively.

GSH, having its shares listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), is a property developer in Asia with five properties under development in Malaysia and mainland China. It also owns and operates the Sutera Harbour Resort in Kota Kinabalu, comprising two five-star hotels, a 104-berth marina and a 27-hole championship golf course, and the idyllic Sutera@Mantanani Resort on the Mantanani Islands in Sabah. The business operation of GSH was affected by the Pandemic. With Malaysia's ease of movement control restrictions since the second quarter of 2022, GSH's hospitality business had a strong recovery. The reopening of mainland China and tourist arrivals may foster a positive effect on GSH's operating environment.

Amasia

Amasia is a single portfolio fund, consisting of only one company namely Dialpad, Inc. ("Dialpad"), which was founded in 2011 and has its headquarters in the U.S. Dialpad offers a suite of business communication software, including PBX in the cloud as well as conference calling solution. The Group invested US$2 million into Amasia in year 2015 for long-term capital gain. As at 31 December 2022, the fair value of the Group's investment in Amasia maintained at HK$56 million, representing approximately 7.2% and 1.3% of the Group's total financial assets at FVPL and total assets, respectively. The Group reported a fair value loss of HK$0.01 million for the Year.

Quantedge

As at 31 December 2022, the fair value of the Group's investment in Quantedge amounted to HK$50 million, representing approximately 6.3% and 1.1% of the Group's total financial assets at FVPL and total assets, respectively. The Group invested in Quantedge for long-term strategic purpose as its goal is in line with the Group's investment strategy. Quantedge is an unlisted investment fund which aims to achieve absolute long-term capital growth by investing in multiple asset classes across the globe. Accordingly, the investment results may vary substantially over short periods of time. The Group partially redeemed HK$19 million of the investment during the Year in order to realise part of the gain accumulated since initial investment. As the prices of all major asset classes were down during the Year, the Group recognised a fair value loss of HK$16 million for the Year.

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments *(continued)*

Financial assets at fair value through other comprehensive income

In addition to the above investments under financial assets at FVPL, the Group also invested in equity securities which are held for long term strategic purposes and recorded them under financial assets at FVOCI. As at 31 December 2022, the fair value of such investments amounted to HK$73 million (31 December 2021 — HK$79 million). GenieBiome Holdings Limited ("GB") is one of the major investments in this category. As at 31 December 2022, the fair value of the Group's investment in GB amounted to HK$19 million, representing approximately 26.1% and 0.4% of the Group's total financial assets at FVOCI and total assets as at 31 December 2022, respectively. In 2021, the Group made an investment in GB, a biotech company established by a team of internationally renowned university professors of medicine and clinician-scientists in Hong Kong. GB pioneers the use of novel microbes as diagnostic markers and potential remedies for different diseases, and has positioned itself to be a leading force in the development of new diagnostics and therapeutics based on the gut microbiome. GB has a pipeline of new products to be launched in market as well as continuing its research and development and patent filing using microbes for diagnostic and therapeutic purposes. The Group recorded an unrealised fair value gain of HK$3 million through other comprehensive income for the Year.

Healthcare services

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

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

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

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Other business

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

The TIH Group currently has two business segments, that is, investment business and fund management. The TIH Group's income is mostly derived from the realisation and/or revaluation of its investments and fee income. Under investment business, TIH is seeking capital appreciation and investment income from special situation investments in both public and private companies, acquisitions of secondary portfolio and non-core assets, private credit and long-term strategic private equity. As economic headwinds slowed growth in 2022 and valuations also declined, venture capital firms have held back on deploying capital, leading to a decline in private equity deals in investments. TIH will continue to monitor the market for investment opportunities, capitalising on its expertise and experiences in cross-border private equity transactions. Under fund management, TIH's wholly-owned subsidiary, TIH Investment Management Pte. Ltd., which holds a capital markets services licence from the Monetary Authority of Singapore, continues to procure recurring fee-based income from managing or advising third party investment funds. Higher contribution from fund management business was recorded by TIH for the Year.

Financial Position

The Group's financial position remained healthy. As at 31 December 2022, its total assets amounted to HK$4.4 billion (31 December 2021 — HK$5.0 billion). Total liabilities amounted to HK$1.4 billion (31 December 2021 — HK$1.5 billion). As at 31 December 2022, total cash and cash equivalents and time deposits amounted to HK$0.7 billion (31 December 2021 — HK$0.9 billion). Current ratio as at 31 December 2022 was 1.2 (31 December 2021 — 2.0).

As at 31 December 2022, bank and other borrowings of the Group reduced to HK$863 million (31 December 2021 — HK$989 million), which included secured bank borrowings of HK$852 million (31 December 2021 — HK$989 million) and secured other loan of HK$11 million (31 December 2021 — Nil). 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 of the Group. As at 31 December 2022, all the Group's bank borrowings carried interest at floating rates. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 31 December 2022, other loan was a fixed rate loan from a third party. The loan was denominated in Singapore dollars and secured by certain financial assets of the Group. As at 31 December 2021, approximately 6% of the Group's bank borrowings effectively carried fixed rate of interest and the remaining were at floating rates.

As at 31 December 2022, approximately 64% (31 December 2021 — 34%) of the bank and other borrowings were repayable within one year. As at 31 December 2022, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 28.6% (31 December 2021 — 28.4%).

BUSINESS REVIEW *(continued)*

Financial Position *(continued)*

The net asset value attributable to equity holders of the Company amounted to HK$2.7 billion as at 31 December 2022 (31 December 2021 — HK$3.1 billion). This was equivalent to HK$0.29 per share as at 31 December 2022 (31 December 2021 — HK$0.34 per share).

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

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

Total capital commitment of the Group as at 31 December 2022 amounted to HK$121 million (31 December 2021 — HK$114 million), which are mainly related to the committed investments in certain unlisted investment funds for long-term strategic purpose. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had 740 full-time employees as at 31 December 2022 (31 December 2021 — 787 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Year amounted to HK$283 million (2021 — HK$315 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

PROSPECTS

The global economic environment is expected to be challenging in 2023. Downside risks such as the continuation of the Russia-Ukraine war, geopolitical tensions, tighter monetary policies, inflationary pressures and the recent banking crisis would affect global economic growth. However, it is expected that the economy in mainland China would record faster growth after the lifting of its Pandemic's restrictions. It is projected that the economy in Singapore, where the Group has operations, would have a growth in the region of 0.5% to 2.5% in 2023. Amid the challenging operating environment, the Group and its associates 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 achieve long term sustainable growth of its businesses in preserving and enhancing shareholder value. The Group is focused on selecting attractive investment opportunities to strengthen and extend its business scope and has maintained prudent and disciplined financial management to ensure its sustainability.

PRINCIPAL ACTIVITIES

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

The activities and other particulars of the principal subsidiaries, principal associates, principal joint ventures and joint operation are set out in the financial statements on pages 173 to 178, page 179, page 180 and page 181, respectively.

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

SEGMENT INFORMATION

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

RESULTS AND DIVIDENDS

The results and details of cash flows of the Group for the Year and the financial position of the Group as at 31 December 2022 are set out in the financial statements on pages 80 to 181.

An interim dividend of HK0.35 cents 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 — HK0.45 cents per share, approximately HK$41.3 million). Total dividends for the Year would be HK0.35 cents per share (2021 — HK0.45 cents per share) which amounted to approximately HK$32.2 million (2021 — approximately HK$41.3 million).

SUMMARY OF GROUP FINANCIAL INFORMATION

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

GOODWILL

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

INVESTMENT PROPERTIES

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

BANK LOANS

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

SHARE CAPITAL

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

SHARE OPTION SCHEME

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

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

SHARE OPTION SCHEME *(continued)*

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

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

As at the beginning and end of the Year, there were no outstanding options granted under the ANR Share Option Scheme to subscribe for ANR Shares. No option of Asia Now was granted, exercised, cancelled or lapsed under the ANR Share Option Scheme during the Year (2021 — Nil).

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

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution, calculated in accordance with the provisions of Part 6 of the Hong Kong Companies Ordinance, amounted to HK$118,892,000.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in the financial statements on pages 173 to 178.

DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK$5,524,000 (2021 — HK$4,726,000).

DIRECTORS

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

Executive Directors

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

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. Edwin Neo
Mr. Victor Ha Kuk Yung
Ms. Min Yen Goh (appointed on 30 December 2022)
Mr. King Fai Tsui (resigned on 30 December 2022)

In accordance with Article 103 of the Company's Articles of Association (the "Articles"), 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 Article 112 of the Company's Articles, Dr. Stephen Riady and Mr. Victor Ha Kuk Yung will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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

Mr. James Siu Lung Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1 May 2021. 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) 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. King Fai Tsui 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 Articles. In accordance with the Articles, one-third of the Directors of the Company must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. Every Director is also subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors.

DIRECTORS *(continued)*

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

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

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

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

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Stephen Riady (former name: Stephen Tjondro Riady), aged 62, was appointed a Director of the Company in July 1992 and is the Chairman of board of directors of the Company. Dr. Riady is also an executive director and the Chairman of the board of directors of Lippo Limited ("Lippo") and Hongkong Chinese Limited ("HKC"), both are public listed companies in Hong Kong. He has been the Executive President of each of the Company, Lippo and HKC since January 2015. He is a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. Dr. Riady also holds directorships in certain subsidiaries of the Company, Lippo and HKC. He is the Executive Chairman and Group Chief Executive Officer of OUE Limited ("OUE"), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). He 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, Lippo Capital Limited and Skyscraper Realty Limited ("Skyscraper") which, together with Lippo, have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. Dr. Riady is a graduate of the University of Southern California, 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 HKC and a director of certain subsidiaries of the Company. Dr. Riady is the father-in-law of Dr. Andy Adhiwana ("Dr. Adhiwana"), an executive director and the Group Chief Executive Officer of Auric Pacific Group Limited, a subsidiary of the Company. Dr. Riady is the spouse of Madam Shincee Leonardi ("Madam Leonardi") and a brother of Mr. James Tjahaja Riady ("Mr. James Riady"). Madam Aileen Hambali ("Madam Hambali") is the spouse of Mr. James Riady. Interests of Madam Leonardi, Mr. James Riady and Madam Hambali in the Company are disclosed in the section headed "Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance" below.

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

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

Mr. James Siu Lung Lee, aged 53, was appointed an executive Director of the Company in May 2015. Mr. Lee has over 20 years of experience in mergers and acquisitions on technology companies. Mr. Lee joined a former subsidiary of HKC in 1997 and was the Head of Derivatives Department before he left that subsidiary in late 1999. Mr. Lee was subsequently appointed as an assistant to the then Managing Director of the Company in early 2000 and left the Company in early 2009. He was a director of Systech Century Group from 2009 to 2014. In December 2014, Mr. Lee rejoined the Group and was appointed an Executive Vice President of business development. He also holds directorships in certain subsidiaries of the Company. Mr. Lee holds a Bachelor degree in Manufacturing Engineering with honours from Queen's University, Belfast, United Kingdom and a Doctor degree in Engineering (major in Hierarchical Operations Management and Control for Automated Systems and Robotics) from The University of Hong Kong. He also holds a Master of Laws (major in International Economic Law) from The Chinese University of Hong Kong.

Mr. Brian Riady, aged 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 HKC. 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 the Company. Mr. Riady is the son of Dr. Stephen Riady and Madam Leonardi and a brother-in-law of Dr. Adhiwana. Mr. Riady is a nephew of Mr. James Riady and Madam Hambali.

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

Mr. Leon Nim Leung Chan, aged 67, was appointed an independent non-executive Director of the Company in May 1997 and was re-designated as a non-executive Director of the Company in September 2004. He is a practising lawyer and presently the principal partner of Messrs. Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to April 2008. He is also a non-executive director of Lippo and HKC. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC.

Mr. Edwin Neo, aged 73, was appointed an independent non-executive Director of the Company in March 2002. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1976 and of the Supreme Court of England and Wales in 1993. Mr. Neo is a practising lawyer and a notary public and is presently the senior partner of Hoosenally & Neo, Solicitors & Notaries. Mr. Neo holds a Bachelor of Laws degree with honours and Post-graduate Certificate in Laws from The University of Hong Kong. He is also an independent non-executive director of HKC. Mr. Neo is the Chairman of the Remuneration Committee and Nomination Committee and a member of the Audit Committee of the Company. He is also a member of the Remuneration Committee, Nomination Committee and Audit Committee of HKC. He resigned as an independent non-executive director of Lippo in December 2022.

Mr. Victor Ha Kuk Yung, aged 69, was appointed an independent non-executive Director of the Company in September 2004. Mr. Yung is a professional accountant with over 40 years of working experience in the financial and accounting fields, and served in management positions in various multinational companies in Asia. Mr. Yung holds a Master of Science Degree in Corporate Governance and Directorship from the Hong Kong Baptist University, and is a member of the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of Lippo. Mr. Yung is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of each of the Company and Lippo. Mr. Yung resigned as an independent non-executive director of Travel Expert (Asia) Enterprises Limited, a public listed company in Hong Kong, in November 2022. Mr. Yung also resigned as an independent non-executive director of HKC 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 HKC. Ms. Goh is a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC.

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

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

DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

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

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

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

(a) the discretionary bonus of Dr. Stephen Riady in an amount of HK$10,083,000;

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

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

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

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

Each of the Directors of the Company is entitled to receive a director's fee from the Company. The director's fee was adjusted from HK$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 Chairmen and/or members of various board committees of the Company for the Year were as follows:

	HK$
Chairman	84,300
Member	54,600

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
Number of ordinary shares in the Company						
Stephen Riady	–	–	6,890,184,389 *Notes (i) and (ii)*	–	6,890,184,389	74.99
James Siu Lung Lee	2,000	–	–	–	2,000	0.00
Min Yen Goh	–	–	–	2,000,000 *Note (iii)*	2,000,000	0.02
Number of ordinary shares in Lippo Limited ("Lippo")						
Stephen Riady	–	–	369,800,219 *Note (i)*	–	369,800,219	74.98
John Luen Wai Lee	1,031,250	–	–	–	1,031,250	0.21
Number of ordinary shares of HK$1.00 each in Hongkong Chinese Limited ("HKC")						
Stephen Riady	–	–	1,477,715,492 *Notes (i) and (iv)*	–	1,477,715,492	73.95
John Luen Wai Lee	2,000,270	270	–	–	2,000,540	0.10
James Siu Lung Lee	2,000	–	–	–	2,000	0.00

Note:

(i) As at 31 December 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 subsidiary, was indirectly interested in 6,890,184,389 ordinary shares in, representing approximately 74.99% of the issued shares of, the Company.

(iii) 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, the Company.

(iv) 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, HKC.

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

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

As mentioned in Note (i) above, Dr. Riady was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group. Through his interest in Lippo Capital Group, Dr. Riady was also interested or taken to be interested (through controlled corporations) in the issued shares of the following Associated Corporations of the Company as at 31 December 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 Pacific Group Limited ("Auric")	(b)	Ordinary shares	80,618,551	65.48
Bentham Holdings Limited	(c)	Ordinary shares	1	100
Boudry Limited	(a)	Ordinary shares	10	100
	(a)	Non-voting deferred shares	1,000	100
Brimming Fortune Limited	(a)	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	(a)	Ordinary shares	1	100
First Tower Corporation	(d)	Ordinary shares	1	100
Grand Peak Investment Limited	(a)	Ordinary shares	2	100
Greenorth Holdings Limited	(a)	Ordinary shares	1	100
HKCL Investments Limited	(a)	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	(a)	Ordinary shares	2	100
J & S Company Limited	(a)	Ordinary shares	1	100
Lippo Assets (International) Limited	(a)	Ordinary shares	1	100
	(a)	Non-voting deferred shares	15,999,999	100
Lippo Capital	(c)	Ordinary shares	423,414,001	60
Lippo Capital Holdings	(e)	Ordinary shares	1	100
Lippo Finance Limited	(a)	Ordinary shares	6,176,470	82.35
Lippo Investments Limited	(a)	Ordinary shares	2	100
Lippo Realty Limited	(a)	Ordinary shares	2	100
MG Superteam Pte. Ltd.	(a)	Ordinary shares	1	100
Multi-World Builders & Development Corporation	(a)	Ordinary shares	4,080	51
Skyscraper Realty Limited	(d)	Ordinary shares	10	100
Superfood Retail Limited ("Superfood")	(f)	Ordinary shares	10,000	100
The HCB General Investment (Singapore) Pte Ltd	(a)	Ordinary shares	100,000	100
Valencia Development Limited	(a)	Ordinary shares	800,000	100
	(a)	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	(a)	Ordinary shares	1	100

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

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

Note:

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

(b) Of these shares, 4,999,283 ordinary shares were held by Jeremiah Holdings Limited ("Jeremiah"), a 60% owned indirect subsidiary of the Company; 20,004,000 ordinary shares were held by Nine Heritage Pte Ltd ("Nine Heritage"), an 80% owned direct subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd ("Pantogon"), a 100% owned indirect subsidiary of the Company and 759,000 ordinary shares were held by Max Turbo Limited ("Max Turbo"), a 100% owned indirect subsidiary of the Company. Details of Dr. Riady's interest in the Company are disclosed in Notes (i) and (ii) above. In addition, as at 31 December 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.

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

(d) 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.

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

(f) 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 Limited ("OUE"). OUE was indirectly owned as to approximately 73.05% by Fortune Crane Limited ("FCL"). HKC, through its 50% joint venture, Lippo ASM Asia Property Limited, held approximately 92.05% interest in FCL. Accordingly, Dr. Riady was taken to be interested in an aggregate of 10,000 ordinary shares in, representing 100% of the issued shares of, Superfood. Details of Dr. Riady's interest in HKC and the Company are disclosed in Notes (i), (ii) and (iv) 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 represent 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.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

PERMITTED INDEMNITY PROVISION

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

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

As at 31 December 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
Skyscraper Realty Limited ("Skyscraper")	6,890,184,389	74.99
Lippo Limited ("Lippo")	6,890,184,389	74.99
Lippo Capital Limited ("Lippo Capital")	6,890,184,389	74.99
Lippo Capital Holdings Company Limited ("Lippo Capital Holdings")	6,890,184,389	74.99
Lippo Capital Group Limited ("Lippo Capital Group")	6,890,184,389	74.99
Madam Shincee Leonardi	6,890,184,389	74.99
PT Trijaya Utama Mandiri ("PT TUM")	6,890,184,389	74.99
Mr. James Tjahaja Riady	6,890,184,389	74.99
Madam Aileen Hambali	6,890,184,389	74.99

Note:

1. 6,890,184,389 ordinary shares of the Company were held by Skyscraper directly as beneficial owner which in turn is a 100% owned subsidiary of Lippo. Lippo Capital, 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.

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

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

4. Skyscraper's interests in the ordinary shares of the Company were recorded as the interests of Lippo, Lippo Capital, Lippo Capital Holdings, Lippo Capital Group, Madam Shincee Leonardi, PT TUM, Mr. James Tjahaja Riady and Madam Aileen Hambali. The above 6,890,184,389 ordinary shares of the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

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

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

All the interests stated above represent 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 Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company. Mr. Victor Ha Kuk Yung is also a director of Lippo and Mr. Edwin Neo is also a director of HKC. Further details of the Directors' interests in Lippo and HKC are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations". Subsidiaries of Lippo and HKC are also engaged in property investment and property development.

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

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

CONTINUING CONNECTED TRANSACTIONS

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

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

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

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

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

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

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

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

The annual cap for the aggregate transaction amounts made by the Maxx Coffee Franchisee to the Maxx Coffee Franchisor under the Maxx Coffee Franchise Agreement for the Year was HK$14,500,000, which was calculated based on the sum of the estimated maximum amounts of (a) the annual Maxx Coffee Royalty Fee for the Year of HK$5,900,000; and (b) the Purchase Consideration for the Year of HK$8,600,000.

CONTINUING CONNECTED TRANSACTIONS *(continued)*

(A) *(continued)*

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

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

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

Further details of the Maxx Coffee Franchise Agreement are disclosed in Note 36(d) to the financial statements.

(B) On 20 August 2020, a tenancy agreement (the "Tenancy Agreement") was entered into between Serene Yield Limited ("Serene Yield"), a wholly-owned subsidiary of the Company, and LCR Catering Services Limited ("LCR Catering"), an indirect non-wholly owned subsidiary of the Company, pursuant to which LCR Catering agreed to lease from Serene Yield Unit 4, Ground Floor, Lippo Centre, 89 Queensway, Hong Kong, with a net floor area of approximately 7,964 square feet, for a term of three years from 22 August 2020 to 21 August 2023, both days inclusive, at a monthly rental of HK$352,700, exclusive of rates, service charge and all other outgoings, provided that the first 5 months of the term and the last month of the term shall be rent free (the "Rent Free Period"), for use as a restaurant. The service charge of HK$73,053 per month (subject to adjustment) should be payable by LCR Catering to Serene Yield and such service charge shall not exceed HK$95,000 per month (the "Maximum Service Charge"). The maximum aggregate value, that is, the annual cap for the Tenancy Agreement, which is equivalent to the annual rent and annual Maximum Service Charge, for the Year was HK$5,373,000.

In light of the continuing deterioration in the retail market and economic conditions in Hong Kong arising from the outbreak of the COVID-19 pandemic, Serene Yield agreed to grant a Rent Free Period to allow LCR Catering to cope with the continuing downturn of business.

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

CONTINUING CONNECTED TRANSACTIONS *(continued)*

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

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

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

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

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

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

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

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

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

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

CONTINUING CONNECTED TRANSACTIONS *(continued)*

(C) *(continued)*

The annual cap for the aggregate transaction amounts made by the Chatterbox Franchisees to the Chatterbox Franchisor under the Chatterbox Franchise Agreements for the Year was HK$5,000,000, which was calculated based on the sum of the estimated maximum aggregate amounts of the Chatterbox Royalty Fees and expenses to be reimbursed to the Chatterbox Franchisor by the Chatterbox Franchisees under the Chatterbox Franchise Agreements.

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

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

Further details of the Chatterbox Franchise Agreements are disclosed in Note 36(e) to the financial statements.

(D) On 22 March 2021, a corporate support services agreement (the "Corporate Support Services Agreement") was entered into between Lippo Investments Management Limited ("LIM"), a wholly-owned subsidiary of the Company, and OUE Investments Pte Ltd (the "Client"), pursuant to which LIM agreed to provide to the Client support services for the purpose of the Client's treasury management activities (the "Services") for a term of three years commencing from 22 March 2021. The Services shall be provided from Hong Kong by way of allocating the time of personnel located in Hong Kong as may be designated by LIM from time to time (the "Specified Personnel") to perform activities in relation to the Services as instructed by the Client in writing. The service fee shall be payable by the Client to LIM in respect of the Services on a quarterly basis and shall be based on the agreed time spent by the relevant Specified Personnel for the provision of the Services and their respective hourly rates. The hourly rates were determined according to the Specified Personnel's skills, experience or seniority and other relevant costs involved (including allocation of indirect costs). The annual cap for the Corporate Support Services Agreement for the Year was HK$19,020,000, which was calculated based on the sum of the estimated service fees payable by the Client to LIM under the Corporate Support Services Agreement.

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

The Corporate Support Services Agreement maximised cost efficiency of LIM and satisfactory service fee income was received.

Subsequently, on 2 March 2023, LIM received a written notice from the Client to terminate the Corporate Support Services Agreement. Accordingly, the Corporate Support Services Agreement will terminate on 31 March 2023 and upon termination, LIM and the Client shall be released from all their liabilities and obligations under the Corporate Support Services Agreement.

Further details of the Corporate Support Services Agreement are disclosed in Note 36(f) to the financial statements.

CONTINUING CONNECTED TRANSACTIONS *(continued)*

The independent non-executive Directors have confirmed that the above agreements had been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the above agreements on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Ernst & Young, the Company's auditor, was engaged to report on the above Group's continuing connected transactions conducted during the Year (the "Continuing Connected Transactions") in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young has issued its unqualified letter containing its findings and conclusions in respect of the Continuing Connected Transactions in accordance with rule 14A.56 of the Listing Rules. A copy of the above auditor's letter will be provided by the Company to the Stock Exchange in accordance with rule 14A.57 of the Listing Rules.

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

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

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Save as disclosed above and in Note 36 to the financial statements, there were no other contracts of significance in relation to the Company's business, to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

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

DIRECTORS' SERVICE CONTRACTS

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

MANAGEMENT CONTRACTS

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

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

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

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the percentage of revenue attributable to the Group's five largest customers combined was 31% of the Group's aggregate revenue and revenue attributable to the largest customer included therein amounted to 15%. During the Year, the percentage of purchases attributable to the Group's five largest suppliers combined was 43% of the Group's aggregate purchases and purchases attributable to the largest supplier included therein amounted to 19%.

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

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

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

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

RETIREMENT BENEFITS SCHEMES

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

CORPORATE GOVERNANCE

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

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, businesses and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties were identified by the Group, details of which are disclosed in the Company's Risk Management Report as set out on pages 43 to 50. There may be other risks and uncertainties in addition to those shown in the above report which are not known to the Group or which may not be material now but could turn out to be material in the future.

ADOPTION OF DIVIDEND POLICY

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

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

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

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

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

By publishing the Company's ESG Report, the Company seizes the opportunity to disclose its sustainability performance and solicit stakeholder feedback. The Company's ESG Report is set out on pages 51 to 74.

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

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

Hong Kong, 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 eight members (the composition of the Board is shown on page 15), including four executive Directors and four non-executive Directors of whom three are independent as defined under the Listing Rules (brief biographical details of the Directors are set out on pages 16 to 18). A list containing the names of the Directors and their roles and functions can also be found on the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

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.

BOARD OF DIRECTORS *(continued)*

Messrs. Victor Ha Kuk Yung (who is to retire by rotation at the forthcoming 2023 annual general meeting of the Company (the "2023 AGM")) and Edwin Neo have served as independent non-executive Directors of the Company for more than nine years. In addition to their confirmation of independence in accordance with rule 3.13 of the Listing Rules, each of Messrs. Victor Ha Kuk Yung and Edwin Neo continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice. They also continue to demonstrate their abilities to exercise independent judgment and provide a balanced and objective view in relation to the Group's affairs. There is no evidence that their tenure has had any impact on their independence. The Directors have discussed and are of the opinion that Messrs. Victor Ha Kuk Yung and Edwin Neo remain independent notwithstanding the length of their service and they believe that their valuable knowledge and experience in the Group's business and their external experience continue to generate significant contribution to the Company and its shareholders as a whole. The continuous appointment of Messrs. Victor Ha Kuk Yung and Edwin Neo as independent non-executive Directors of the Company will help to maintain the stability of the Board.

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

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

BOARD OF DIRECTORS *(continued)*

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

Three Board committees, namely, the Audit Committee, 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. Four Board meetings were held during the Year.

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

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

	Attendance/Number of Meetings				
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting*
Executive Directors					
Dr. Stephen Riady *(Chairman)*	4/4	N/A	3/3	3/3	1/1
Mr. John Luen Wai Lee *(Chief Executive Officer)*	4/4	N/A	N/A	N/A	1/1
Mr. James Siu Lung Lee	4/4	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Leon Nim Leung Chan	4/4	3/3	3/3	3/3	1/1
Independent Non-executive Directors					
Mr. Victor Ha Kuk Yung *(Chairman of the Audit Committee)*	4/4	3/3	3/3	3/3	1/1
Mr. Edwin Neo *(Chairman of the Remuneration Committee and Nomination Committee)*	4/4	3/3	3/3	3/3	1/1
Ms. Min Yen Goh# (appointed on 30 December 2022)	0/0	N/A	0/0	0/0	N/A
Mr. King Fai Tsui (resigned on 30 December 2022)	4/4	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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS

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

REMUNERATION OF DIRECTORS

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

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

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

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

NOMINATION OF DIRECTORS

The Board has the power to appoint Director(s) pursuant to the Company's Articles. 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 Article 103 of the Company's Articles, 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.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The principal role of the Nomination Committee includes, inter alia, review of the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; assessment of the independence of independent non-executive Directors and make recommendations to the Board for the appointment of independent non-executive Directors; making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors in particular the Chairman of the Board and the chief executive; and to review the terms of reference of the Nomination Committee, the board diversity policy and the Directors' nomination policy and recommend to the Board any necessary changes required. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee and recommendation of the Nomination Committee are then put to the Board for decision. During the Year, the Nomination Committee reviewed, inter alia, the eligibility of the Directors seeking for re-election at the 2022 AGM and the appointment of new independent non-executive Director, 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 Articles, any applicable policies or procedures of the Company and/or the Listing Rules from time to time. The procedures for such shareholders' nomination are published on the Company's website (www.lcr.com.hk). When assessing the suitability of a proposed candidate, the Nomination Committee will take into consideration various factors including, but not limited to, character and integrity, qualification, skills and knowledge, experience, potential contributions, board diversity, number of directorships in other listed companies, independence requirements (for independent non-executive Directors) as set out in the Listing Rules and such other perspectives that are appropriate to the Company's business and succession plan.

NOMINATION OF DIRECTORS *(continued)*

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

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

The Company is committed to improving gender diversity based on its needs and as and when suitable candidates are identified. 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 51 to 74.

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

DIRECTORS' TIME COMMITMENT AND TRAINING

The Company has received confirmation from each Director that he 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 16 to 18.

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

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

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

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

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

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

AUDITOR'S REMUNERATION

Ernst & Young has been appointed by the shareholders annually as the Company's auditor. During the Year, the fees charged to the financial statements of the Group for the statutory audit and non-statutory audit services provided by Ernst & Young (which for the purpose includes any entity under common control, ownership or management with the auditor or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditor nationally and internationally) amounted to approximately HK$5.3 million (2021 — HK$5 million) and approximately HK$0.2 million (2021 — HK$0.1 million), respectively. The non-statutory audit services provided during the Year consisted of the review of the Group's continuing connected transactions and other reporting services.

AUDIT COMMITTEE

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

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

During the Year, the Audit Committee discharged its duties by reviewing and/or monitoring financial, audit, risk management, internal control and corporate governance matters of the Group, including management accounts, financial statements, interim and annual reports, corporate governance report, risk management report and internal audit reports and discussing with executive Directors, management, external auditor and internal audit 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 51 to 74. 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 an employee of the Company. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. During the Year, the Company Secretary had taken over 15 hours of relevant professional training to update her skills and knowledge.

COMMUNICATION WITH SHAREHOLDERS

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

The Company's Annual General Meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Board members, including the Chairmen of the Board and Board committees and Board committee members, and the Company's external auditor attended the 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) and the Company (www.lcr.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.lcr.com.hk). All the financial information and other disclosures including, inter alia, annual reports, interim reports, announcements, circulars, notices, the Articles and other documents as required by the Listing Rules and any other relevant laws and regulations are available on the Company's website. In order to enable shareholders to make queries that they may have with respect to the Company, contact details of the Company such as telephone number and facsimile number are available on the Company's website.

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

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

SHAREHOLDERS' RIGHTS

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

DIVIDEND POLICY

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

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

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

FAIR DISCLOSURE AND INVESTOR RELATIONS

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

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

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

FINANCIAL REPORTING

The Board recognises its responsibility to prepare the Company's financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, Listing Rules and other regulatory requirements. As at 31 December 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 75 to 79.

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

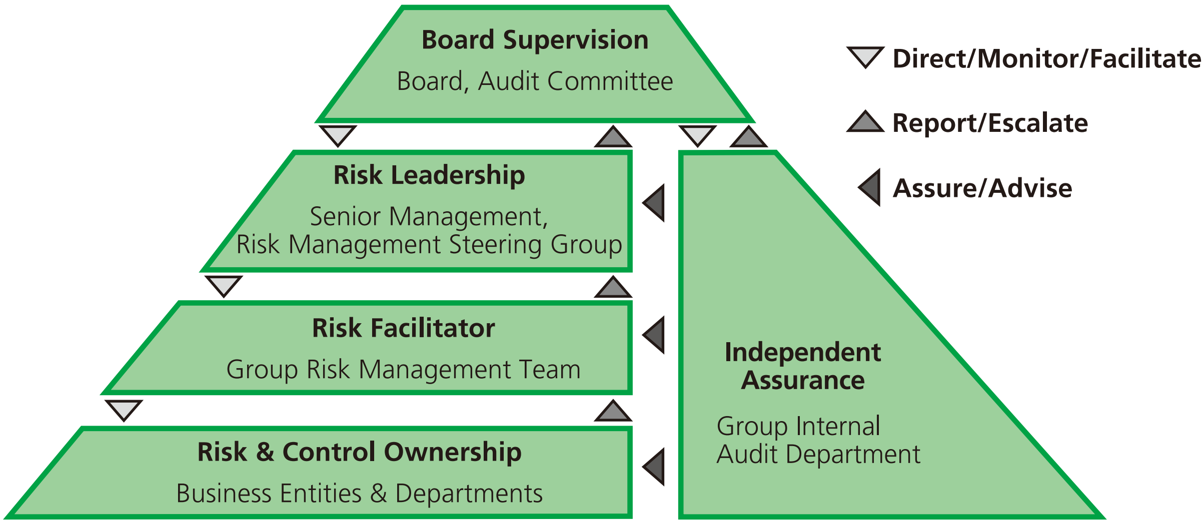
- Enable the Group to strike the right balance between risks and rewards by making risk informed decisions in accordance with the Group's business objectives and risk appetite

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

- Ensure compliance with the relevant legal and regulatory requirements

RISK 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 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 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

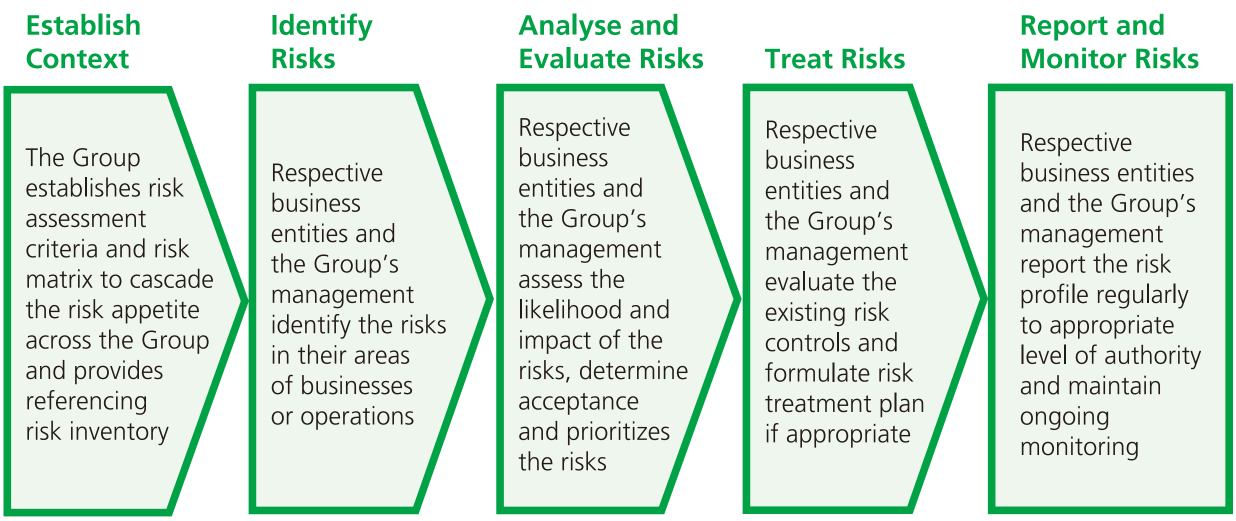
Independent Assurance

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.



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:

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

MATERIAL RISKS *(continued)*

A. Group Operation

Risks	Examples of Response Taken
Operational — Natural Disaster Risk[1] 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.	• Performed periodic system back up. • Established business continuity plan covering different disaster scenarios. • Arranged appropriate insurance coverage for different disaster scenarios.
Operational — COVID 19 outbreak The risk of adverse impact to the Group's business performance due to COVID-19.	• Ensured clean and hygienic work environment. • Provided face masks and hygiene supplies to staff and required staff to wear face masks at workplace. • Implemented precautionary measures at workplace. • Implemented flexible working hours and work from home arrangement. • Temporary suspension of non-essential business travel. • Used electronic means for meetings.
Operational — Cyber Security Risk 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.	• Enhanced cyber threat prevention and detection.
Strategic — Macroeconomic Risk The risk of economic downturn or slow down in economic recovery in the business region, impacting the Group's profitability.	• Cost monitoring and cost management.

[1] Material risk identified with ESG aspects

MATERIAL RISKS *(continued)*

B. Food Business

Risks	Examples of Response Taken
Operational — Quality and Safety Risk[2] The risk of sub-standard or unsafe product, service or business activity, thereby impacting the Group's reputation, or exposing the Group to regulatory or legal actions.	• Food safety and quality management system put in place throughout the supply chain. • Established supplier assessment process. • Provided staff training on product safety and operation.
Operational — Talent Attraction and Retention Risk The risk of failure to attract and/or retain qualified staff, impacting the business operation and achievement of business objectives.	• Provided in-house training to improve the productivity of existing staff. • Recruitment advertisements placed in different channels.

[2] Material risk identified with ESG aspects

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

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

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

Reporting Standard

The ESG Report was prepared in accordance with the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") in Appendix 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.

ABOUT THIS REPORT *(continued)*

Reporting Standard *(continued)*

In preparation for the ESG Report, the Group adheres 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 the materiality assessment was presented to the Board of Directors (the "Board"). Relevant contents have been prioritised and disclosed in the ESG Report.
Quantitative	The Group records and discloses key performance indicators in quantitative terms as appropriate.
Balance	The ESG Report discloses information in an objective manner, giving stakeholders an unbiased picture of the Group's overall ESG performance.
Consistency	As far as practicable and unless stated otherwise, the Group employs consistent measurement methodology to allow for meaningful comparison of ESG data over time.

Confirmation and Approval

Information in the ESG Report was sourced from the official documents, statistical data and management and operational information of and collected by the Group. The ESG Report was approved by the Board of the Company 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 lcr.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 achieving of its strategic and business goals and 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 of the Company 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, relevant 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.

Stakeholder Engagement

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

Internal Stakeholders	External Stakeholders
• The Board • Management • General staff	• Investors • Shareholders • Suppliers • Business partners • Auditors • Customers • Service providers • Bankers • Communities • Non-governmental organisations • Media

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.

BOARD STATEMENT *(continued)*

Stakeholder Engagement *(continued)*

Highlights of regular stakeholder engagement

Employees	Suppliers
Engage employees through implementing a range of initiatives to create a healthy workplace with development opportunities.	Keep suppliers aware of the Group's social and environmental standards during supplier selection and assessment.

Customers	Communities
Communicate with customers to improve the products and services the Group delivers and enhance their satisfaction.	Support the community through making charitable efforts, such as donation and sponsorship.

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	• A list of issues was compiled through reviewing existing and previous engagement results, with reference to local reporting standards. • 22 relevant issues were identified in aspects of "Environmental" and "Social".
2	Collect feedback	• A quantitative online survey was conducted, with 139 valid responses from internal and external stakeholders received.
3	Identify material issues	• 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. • 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.
4	Validation	• The materiality assessment results were presented to the Board and senior management.

BOARD STATEMENT *(continued)*

Materiality Assessment *(continued)*

ESG aspects set out in the Reporting Guide			Material ESG issues	Overall ranking
A. Environmental	A1:	Emissions	• Air emissions & Greenhouse gases ("GHG") emissions	18
			• Waste	11
	A2:	Use of resources	• Energy	15
			• Water	17
			• Wastewater	16
			• Packaging materials	13
	A3:	The environment and natural resources	• Environmental impact (biodiversity)	20
	A4:	Climate change	• Climate risk	22
B. Social	B1:	Employment management system	• Diversity and equal opportunities	7
			• Fair and competitive remuneration	6
			• Employee relations	5
	B2:	Health and safety	• Employee health and safety	3
	B3:	Development and training	• Development and training	14
	B4:	Labour standards	• Labour standards	8
	B5:	Supply chain management	• Supply chain management	20
	B6:	Product responsibility	• Responsible marketing	9
			• Customer communication	10
			• Safety and quality management	4
			• Protection of data privacy	1
			• Protection of intellectual property rights	11
	B7:	Anti-corruption	• Anti-corruption and whistleblowing	2
	B8:	Community investment	• Community investment	19

A. ENVIRONMENTAL

Upholding the principle of environmental responsibility for the interest of the communities, the Group strives to address and reduce the environmental impacts in its operations. In line with its Environmental Policy, the Group operates in an environmentally responsible and resource-efficient way and considers the material environmental risks and opportunities in its business decisions. All subsidiaries are expected to make ongoing efforts in managing and minimising their environmental impact though establishing applicable procedures and measures. Subsidiaries of food businesses such as Auric Pacific Food Industries operate with the implementation of ISO 14001 Environmental Management Systems. Auric Pacific Food Industries has also been ISO 14001 certified since 2000. The Group has adopted the revised environmental policy during the Year to cope with the changes under the relevant requirements of laws, regulations and industry codes applicable to the Group. 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 manufacturing equipment, cooking equipment and vehicles. In 2022, the overall emissions decreased as one subsidiary shut down its production plant.

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

Air emissions	2022	2021[1]
Nitrogen oxides (kg)	18,504.3	33,088.2
Sulphur oxides (kg)	25.5	2,082.9
Respirable suspended particulates (kg)	1,712.8	2,351.7

GHG emissions

The quantification of GHG emissions was conducted in accordance with international and local standards, including:

- the Guidelines for Accounting and Reporting Greenhouse Gas Emissions – China Public Building Operator Units (Enterprises) (Trial) of the People's Republic of China (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;
- ISO 14064-1; and
- the GHG Protocol.

[1] Figures of 2021 were revised based on latest data update.

A. ENVIRONMENTAL *(continued)*

A1: Emissions *(continued)*

GHG emissions (continued)

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

GHG emissions	2022	2021[2]
Scope 1: Direct emissions (tonnes of CO_2-e)	2,273.1	2,976.1
Scope 2: Energy indirect emissions (tonnes of CO_2-e)	8,233.1	9,235.1
Scope 3: Other indirect emissions (tonnes of CO_2-e)	73.7	50.3
Total GHG emissions (Scope 1, 2 and 3) (tonnes of CO_2-e)	10,579.9	12,261.5
GHG intensity (tonnes of CO_2-e/m^2)	0.121	0.141

Scope 1 emission sources include combustion of fuels in stationary sources, combustion of fuels in mobile sources and GHG releases from equipment and systems. In 2022, Scope 1 emissions decreased due to the shutdown of one production plant.

Scope 2 emission sources include electricity purchased from power companies in Hong Kong, Singapore, the PRC and Malaysia and gas purchased from Towngas in Hong Kong. In 2022, Scope 2 emissions decreased due to the shutdown of one production plant.

Scope 3 emissions include methane gas generation at landfills in Hong Kong due to disposal of paper waste, GHG emissions due to electricity used for fresh water processing by the Water Services Department in Hong Kong, and GHG emissions due to electricity used for sewage processing by the Drainage Services Department in Hong Kong. In 2022, Scope 3 increased due to the paper consumption from the Group increased.

The total GHG emissions of the Year was 10,579.9 tonnes of CO_2-e. The GHG intensity was 0.121 tonnes of CO_2-e/m^2, which was lower than that of the Last Year. The primary source of GHG emissions was Scope 2 energy indirect GHG emissions, which was mainly contributed by electricity consumption, accounting for 77.8% of the total GHG emissions. Scope 1 direct GHG emissions and Scope 3 other indirect GHG emissions constituted 21.5% and 0.7% of the total GHG emissions respectively.

Emissions target

To reduce emissions at source, the Group continues to give priority to the purchase of machines, equipment and company vehicles with higher energy efficiency and lower emissions, such as LED lights and electric vehicles. Regular maintenance of company vehicles is carried out and eco-driving such as switching off idling engines are promoted. Moving forward, the Group will consider the possibility of using the emission data in support of establishing a group-wide carbon reduction strategy, identifying carbon reduction actions and setting reduction targets.

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

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 measures across its offices, production facilities and retail stores:

General waste	Offices: • Practise reuse and recycling in offices where applicable • Reuse one-sided paper for printing • Adopt e-communication whenever possible Production facilities and retail stores: • Give priority to durable tools and equipment during purchasing • Reuse store decorations • Reuse shipment trays
Food waste	• Conduct sales forecasts and monitor return of excess products for adjusting production patterns • Standardise control of production process to achieve consistency in product quality and reduce defective products • Store perishable ingredients properly • Repurpose leftover ingredients in other dishes, such as bread cubes, while maintaining quality and safety standards • Donate surplus food to local organisations for redistribution to the needy • Record the amount of food waste regularly • Practise food waste collection where applicable

During the Year, the Group produced 10.1 tonnes of hazardous waste and 5,790.5 tonnes of non-hazardous waste. Hazardous waste intensity was 0.0001 tonnes/m^2 floor area. Non-hazardous waste intensity was 0.07 tonnes/m^2 floor area. In 2022, hazardous waste generation was decreased as one subsidiary was undergoing transition of commercial operation. Non-hazardous waste generation decreased due to the shutdown of one production plant.

A. ENVIRONMENTAL *(continued)*

A1: Emissions *(continued)*

Waste (continued)

Hazardous wastes generated throughout the Group's operations are mainly chemical waste from a bakery factory while major non-hazardous wastes are domestic solid waste from offices, and food waste and packaging waste from food businesses. All non-hazardous waste was collected and handled by authorised waste collectors. Certain subsidiaries keep on encouraging customers to bring their own utensils for takeaway meals.

The waste data is set out in the table below.

Waste[3]	2022	2021
Hazardous waste (tonnes)	10.1	99.8
Hazardous waste intensity (tonnes/m^2)	0.0001	0.001
Non-hazardous waste (tonnes)	5,790.5	7,911.2
Non-hazardous waste intensity (tonnes/m^2)	0.07	0.09

Reduction target

The Group will maintain non-hazardous waste intensity in 2022's level. The Group will achieve the target with the following actions:

- Record the amount of food waste;
- Record the amount of donated surplus food; and
- Record the recycling rate of non-hazardous waste.

[3] Delifrance Singapore was excluded due to the development of waste data management system. The Group is progressively improving the waste data management system to enhance disclosure for future reporting.

A. ENVIRONMENTAL *(continued)*

A2: Use of Resources

During the Year, the group has consumed more natural gas in one of its operations. Improving operational energy efficiency is a fundamental strategy to reduce energy consumption and associated GHG emissions. 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;
- Install lighting control sensor in the Company's head office;
- Choose energy efficient electrical appliances where applicable;
- Give priority to LED lights when there is need for replacement; and
- Defrost food ingredients by placing them in the refrigerators.

The total energy consumption of the Year was 31,489.3 MWh. The energy intensity was 0.36 MWh/m^2 floor area. The diesel consumption of the Year decreased due to the shut down of one production plant.

Energy consumption		2022	2021[4]
Direct energy	Petrol (MWh)	64.5	92.5
	Diesel (MWh)	7,639.2	10,689.7
	Natural gas (MWh)	9,632.4	6,280.8
	Towngas (MWh)	851.4	896.6
Indirect energy	Electricity (MWh)	13,301.8	16,230.9
Total energy consumption (MWh)		31,489.3	34,190.5
Energy intensity (MWh/m^2)		0.36	0.39

Energy use efficiency target

The Group will maintain or reduce energy intensities below 2022's level. The Group will achieve the target with the following actions:

- Increase the proportion of energy efficient equipment, such as LED lights and energy saving dish washing machines; and
- Conduct energy/carbon audits at least once a year.

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

A. ENVIRONMENTAL *(continued)*

A2: Use of Resources *(continued)*

Water

The Group mainly withdraws water from municipal supplies and has no issue in sourcing water during the Year. Domestic water is consumed for personal hygiene and routine cleaning. To reduce water consumption, water taps with lower flow rate are installed and regular maintenance of water supply system are performed. For example, all stores of CC Group and CCHK are equipped with water saving taps and dishwashers with higher water efficiency.

Wastewater

Domestic effluents are discharged into municipal wastewater sewage treatment systems. Grease traps are regularly cleaned and maintained at retail stores of CC Group and CCHK.

The total water consumption of the Year was 78,078 m^3, and the water intensity was 0.9 m^3/m^2 floor area. Comparing the Last Year, the water consumption of the Year decreased due to the shut down of one production plant.

Water consumption[5]	2022	2021
Total water consumption (m^3)	78,078.0	142,784.2
Water intensity (m^3/m^2)	0.90	1.64

Water efficiency target

The Group will maintain water intensity in 2022's level by increasing the proportion of water efficient equipment, such as water saving dish washing machines.

Packaging materials

Use of packaging materials is relatively material in the Group's food businesses. The following practices are adopted with a view to minimising its use of packaging materials:

- Packaging, storage, transportation and preparation processes are reviewed at the product development stage, aiming to minimise the materials and packaging needed;
- Communicate with suppliers on environmentally friendly alternatives;
- Avoid unnecessary wrapping of food products;
- Use packaging and takeaway cutleries that are more environmentally friendly such as FSC-certified paper or bio-degradable plastic;
- Encourage customers to use their own bags before offering paper or plastic bags; and
- No plastic straws are provided.

[5] LIM, which operated in leased premises with the supply of water controlled by building management and no sub-metering for individual occupants, was excluded for calculating figures for the Year and the Last Year.

A. ENVIRONMENTAL *(continued)*

A2: Use of Resources *(continued)*

Packaging materials (continued)

Packaging materials	2022	2021
Total packaging materials used (tonnes)	127.9	446.8
Packaging materials intensity (tonnes/HK$1 million revenue)	0.21	0.69

The total packaging materials used of the Year was 127.9 tonnes, and the packaging materials intensity was 0.21 tonnes/HK$1 million revenue. In 2022, the packaging materials decreased as one production plant was shut down.

A3: The Environment and Natural Resources

Indoor air quality

To maintain good indoor air quality for customers, CC Group and CCHK have performed regular cleaning and maintenance of air-conditioners. High-efficiency particulate air (HEPA) filter and plasma filter have been installed at the stores to filter out very fine particles.

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 non-compliance cases regarding environmental laws and regulations.

A4: Climate Change

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. In view of this, the Group has implemented the Environmental Policy to reduce the risk on its premises. The Group has also implemented the following appropriate measures:

- Performed periodic system back up;
- Established business continuity plan covering different disaster scenarios; and
- Arranged appropriate insurance coverage for different disaster scenarios.

The food businesses of the Group have conducted preliminary climate risk assessment and recognised the risks and opportunities arising from climate change after taking into account the following commercial consideration:

- Increased production costs due to changing input prices (for example, energy, water, food costs and supply chains) and output requirements such as waste treatment.

B. SOCIAL – CARING FOR OUR EMPLOYEES

An engaged and talented workforce is the core pillar for the Group's long-term growth and viability. With this in mind, the Group aspires to create an engaged, healthy and safe workplace that respects different cultures and supports employee development. In line with the Human Resources Policy, the Group has implemented a range of measures and initiatives supporting employee performance.

B1: Employment Management System

A sound employment system is the first step in talent attraction and retention. The Group defines its principles for developing a motivating, diverse, impartial, harmonious and safe working environment in the Human Resources Policy. Employment policies and procedures are established across different operations to give clear guidelines on recruitment, promotion, dismissal, hours of work, rest periods, overtime, compensation and benefits and other employment arrangements.

Diversity and equal opportunities

Diversity and equal opportunities are one of the pillars forming the core of the Human Resources Policy. Employees are given equal access to opportunities irrespective of their age, gender, marital status, pregnancy, sexual orientation, family status, disability, politics, race, nationality or religion. Recruitment, compensation, rewards and promotion are fairly based on employees' performance, aptitude and potential. Various subsidiaries have policies, procedures and measures in support of a culture of diversity and equal opportunities. To enhance employee awareness, subsidiaries such as CC Group and CCHK communicate their equal opportunity policy to all head office staff and frontline managerial staff during the induction training.

Fair and competitive remuneration

To enhance employee well-being, the Group develops and delivers comprehensive welfare and benefits. The Group's remuneration package offers a number of benefits on top of the statutory requirements, such as paid marriage leave, medical and compassionate leave, generous annual leave, healthcare and life insurance.

B. SOCIAL – CARING FOR OUR EMPLOYEES *(continued)*

B1: Employment Management System *(continued)*

Employee relations

Open communication helps build trust and higher levels of engagement in the workplace. Communication channels are available for employees to raise any concerns at work to their direct supervisors and managers, the Human Resources Department, the General Manager or the Chief Executive Officer as appropriate. All feedback received will be handled confidentially. The Group did not receive any employee grievances during the Year.

The employment data is set out in the figures below.

Indicators	Unit	2022	2021
Number of employees	No.	969	1,087
By gender			
Female	No.	501	549
Male	No.	468	538
By age group			
Below 30	No.	223	316
30 to 50	No.	477	491
Over 50	No.	269	280
By region			
Hong Kong	No.	441	464
Singapore	No.	354	400
Malaysia	No.	151	189
Mainland China	No.	23	34
By employment type			
Full-time	No.	735	782
Part-time	No.	234	305
By employee category			
Management	No.	126	64
Other employees	No.	843	1,023

B. SOCIAL – CARING FOR OUR EMPLOYEES *(continued)*

B1: Employment Management System *(continued)*

Employee relations (continued)

Turnover rate[6] Indicators	Unit	2022	2021
By gender			
Female	No. (%)	308 (61%)	385 (70%)
Male	No. (%)	301 (64%)	402 (75%)
By age group			
Below 30	No. (%)	281 (126%)	361 (114%)
30 to 50	No. (%)	227 (48%)	295 (60%)
Over 50	No. (%)	101 (38%)	131 (47%)
By region			
Hong Kong	No. (%)	248 (56%)	267 (58%)
Singapore	No. (%)	217 (61%)	306 (77%)
Malaysia	No. (%)	129 (85%)	192 (102%)
Mainland China	No. (%)	15 (65%)	22 (65%)

B2: Employee Health and Safety

Safeguarding the health and safety of employees has always been a priority to the Group's operations. It's the Group's goal to minimise safety and health risks to employees and protect them from workplace hazards, as stated in the Human Resources Policy.

On the food businesses front, safety committees have been established at a number of subsidiaries of food businesses to oversee and monitor occupational health and safety. Taking Delifrance Singapore as an example, its safety committee is responsible for developing, implementing and administering a comprehensive safety management system. It has to ensure the safety standards at retail outlets and baking centre are compliant with all statutory obligations and practices. Health and safety issues are regularly reviewed and resolved at meetings. The relevant departments are also briefed on the latest applicable laws and regulations.

To help employees understand the safety practices and prioritise safety at work, a set of clear safety guidelines are established and communicated:

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

6 Turnover rate = employees in the specified category leaving employment / number of employees in specific category.

B. SOCIAL – CARING FOR OUR EMPLOYEES *(continued)*

B2: Employee Health and Safety *(continued)*

The most common safety hazards across factories and restaurants are cuts, burn and scald, slips, trips and bruises. To avoid potential hazards, guidance on appropriate operating procedures and proper use of protective equipment for performing different tasks are given to employees through the safety guidelines.

Regular safety inspections are carried out to maintain good housekeeping. For example, monthly assessment at retail stores is conducted at CC Group and CCHK to maintain a safe working environment and ensure first aid materials are well-stocked and kept in good condition. Through monthly meetings, the Human Resources Department reviews and discusses health and safety issues with restaurant managers. The meetings also aim to enhance the safety awareness of restaurant managers through case studies and sharing information on preventive actions. To improve the overall safety performance, the Group encourages employees to provide suggestions on enhancing workplace health and safety through various communication channels.

To enhance the overall safety awareness, subsidiaries such as Delifrance Singapore communicate the safety practices to current and newly hired factory employees through safety guidebooks and safety training, including structured classroom and on-the-job training. Employees are required to sign a "Letter of Undertaking" to acknowledge their completion of the training. To prepare employees for fire emergencies, the fire safety committees of food businesses organise fire drills and training on a regular basis.

In the operations of property development, property investment and property management segment, the Group ensures they are sufficiently protected with adequate personal protective equipment that is readily available on site to prevent employees from injuries to occur. The Group shares a special accident handling guideline to various departments, including the Engineering Department, Security Department and Cleaning Department, in preparation for special accidents that may occur, such as electric shock, strong acid and alkali injury, heat stroke and syncope, etc. 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.

The Group provides employees with medical insurance programmes to enhance their well-being. During the outbreak of the COVID-19 pandemic, the Group provided free surgical masks, work from home arrangement and flexible working hours to the employees in the head office in Hong Kong. Offices and common areas were regularly sanitised and equipped with adequate cleaning and hygiene supplies. In order to support the COVID-19 vaccination programme as a means of curbing the spread of the coronavirus in the local community, the Group encourages its employees to get vaccinated by implementing an incentive policy that allows employees to take a paid day off to receive the vaccination.

B. SOCIAL – CARING FOR OUR EMPLOYEES *(continued)*

B2: Employee Health and Safety *(continued)*

During the Year, the Group regrets that there were 11 cases of work-related injuries covered in the reporting boundary. The injuries were caused by incidents such as burn, cut, sprain, slip and fall. The Group has conducted investigations and implemented preventive measures to prevent reoccurrence, such as providing suitable personal protective equipment, developing enforcement at workplace and related standard operating procedures, and ensuring smoother workflow while using mobile machinery in warehouse. Cases have been shared in regular meetings and training to enhance safety awareness.

Work-related fatality and injury Indicators	Unit	2022	2021
Work-related fatalities[7]	No.	0	0
Reportable work-related injuries	No.	11	35
Work-related injury rate[8] (per 100 workforce)	rate	1.1	3
Lost days due to work injury	No.	303	426

B3: Development and Training

The Group invests in employee training and development to build and sustain a competent and energised workforce in the long run. As outlined in the Human Resources Policy, a clear framework on the provision of learning and development opportunities is set out to promote employees' personal growth. By supporting employees to seek various internal and external training courses, they will be able to acquire requisite skills and advance in their roles.

It is the Group's endeavour to create an inspiring and energetic team that never stops learning. The Group arranges training sessions with regard to the latest regulatory requirements and insights into corporate governance specifically for Directors and Senior Management who will be leading the Group's employees. Training related to enterprise risk management was also provided to employees across subsidiaries. Training courses, ranging from food hygiene to customer services and leadership skills, are also offered to frontline managers and office employees from the Group's subsidiaries in food businesses, such as CC Group and CCHK. To motivate employees to become self-driven learners, the Group provides financial incentives to employees taking additional training and development programmes.

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

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

B. SOCIAL – CARING FOR OUR EMPLOYEES *(continued)*

B3: Development and Training *(continued)*

Performance management and development process are carried out for employees to assess their performance throughout the Year. The purpose of an annual performance appraisal is to evaluate employees' personal and professional growth against various performance indices and annual objectives. The relevant divisions and departments are responsible for conducting coaching, assessing development needs of employees and setting aside training and development budgets.

Number and percentage of employees trained[9]

Indicators	Unit	2022	2021
By gender			
Female	No. (%)	213 (43%)	477 (87%)
Male	No. (%)	221 (47%)	418 (78%)
By employee category			
Management (Female)	No. (%)	18 (33%)	20 (83%)
Management (Male)	No. (%)	19 (26%)	32 (80%)
Other employees (Female)	No. (%)	195 (44%)	457 (87%)
Other employees (Male)	No. (%)	202 (51%)	386 (78%)

Average training hours[10]

Indicators	Unit	2022	2021
By gender			
Female	hours	5.5	4.8
Male	hours	5.6	5.2
By employee category			
Management (Female)	hours	11.8	13.7
Management (Male)	hours	11.8	15.2
Other employees (Female)	hours	4.9	4.4
Other employees (Male)	hours	5.0	4.3

B4: Labour Standards

To maintain high ethical labour standards and comply with all relevant laws and regulations, the Group acknowledges its responsibility and actively works towards the prohibition of child and forced labour through the implementation of effective systems and controls across its businesses, as stated in the Human Resources Policy. During the recruitment process, all applicants' identity document, academic qualifications, talent, age and experience will be screened.

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, child labour and forced labour. In the area of employment, the Group had one case which related to labour dispute from one of its subsidiaries.

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.

B. SOCIAL – OPERATING RESPONSIBLY

Business ethics and consistently high standards of product quality are essential for the long-term viability of the Group's business. The Group's commitment and approach to responsible corporate citizenship are underpinned by the following policies and guidelines:

- Product and Service Responsibility Policy
- Anti-corruption Policy
- Whistleblowing Policy
- Sustainable Supply Chain Policy
- Environmental Policy

B5: Supply Chain Management

The Group places emphasis on enhancing its supply chain management to build a more sustainable supply chain. The Sustainable Supply Chain Policy underlines the Group's commitment and expectations on suppliers. Subsidiaries are expected to implement procurement practices that align with the Group's policy and other procurement policies that governs day-to-day operations.

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

Pillars	Consideration of credentials or merits achieved by suppliers
Business ethics	• Formulation of business code of conduct, policies related to regulatory compliance and policies related to the protection of employee rights, awards or accreditation obtained • Compliance with laws and regulations related to business ethics, environment and social responsibility
Product/service safety and quality	• Quality management system, assurance function, awards or accreditation obtained
Work health and safety	• Safe working environment, health and safety management system, policy, training, record of incident rate and awards achieved related to health and safety
Environmental management	• Environmental management system, policy and awards achieved

B. SOCIAL – OPERATING RESPONSIBLY *(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 work, 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.

To support sustainable procurement, subsidiaries of food businesses consider and purchase organic and seasonal materials, fair trade products, food ingredients certified by Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) and packaging materials certified by Forest Stewardship Council (FSC), as far as practicable.

On top of constantly enforcing these standards, the Group will explore possibilities in developing a more comprehensive approach to identify and manage potential environmental and social impacts across its supply chain.

Geographical Distribution of Suppliers

Region	Number of Suppliers
Hong Kong	272
Mainland China	2
Singapore	136
Malaysia	250
Other	13

B. SOCIAL – OPERATING RESPONSIBLY *(continued)*

B6: Product Responsibility

The Group is committed to delivering products and services that are safe and of high quality to its customers. Guided by the Product and Service Responsibility Policy, the Group ensures the products and services it offers comply with laws and regulations relating to privacy matters, health and safety, advertising and labelling, etc.

Responsibility marketing and customer communication

The Group is mindful of its obligations to advertise and label its products and services responsibly. Information on products and services are provided through printed communication materials and digital platforms in daily operations. For example, product labels provide customers with information on allergens, product shelf-life dates, and storage and consumption advice.

Seeking to help customers make informed choices and protect their interest, the Group promotes and advertises its products and services in ways that do not mislead customers and ensures that the information provided are adequate and reliable. At subsidiaries such as CC Group and CCHK, sharing sessions on customer services are held to provide restaurant managers with insights into handling and responding to customer queries on products and services.

There are no relevant laws and regulations in relation to product and services responsibility, including health and safety, advertising, labelling and privacy matters that have a significant impact on the Group. During the Year, the Group has identified 518 cases of inquiries or complaints regarding product and services responsibility and they were handled carefully to assist us in further improving our service quality. This was mainly customer complaints in relation to food businesses. There were no recalls for safety and health reasons.

Safety and quality management in food businesses

Ensuring the safety and quality of products and services delivered is a priority at all times across the Group's food businesses. Subsidiaries such as Auric Pacific Food Industries, CC Group, CCHK and Delifrance Singapore have implemented a number of management systems. Through these systems, food safety risks are assessed and monitored on an on-going basis.

Major management systems adopted			
ISO 9001 Quality Management System	ISO 22000 Food Safety Management System	Good Manufacturing Practices (GMP)	Hazard Analysis and Critical Control Point (HACCP) system

B. SOCIAL – OPERATING RESPONSIBLY *(continued)*

B6: Product Responsibility *(continued)*

Safety and quality management in food businesses (continued)

To identify and minimise potential food safety hazards, the Group has in place a range of preventive and mitigation measures across its production and retail value chain, from suppliers, production, logistics to retail. These ensure the products sold meet the Group's standards and regulatory requirements relating to health and safety.

Production and retail value chain	Preventive and mitigation measures
Vendor assessment	• Evaluate new and existing suppliers against quality and safety requirements through audit
Incoming materials inspection	• Perform assessment in accordance with the established acceptance criteria during receiving of raw materials, including raw ingredients, dry ingredients, seasoning and packaging
Materials storage	• Ensure materials are kept in appropriate locations and temperatures according to the product categories
Handling and processing of products	• Staff are required to follow proper operating procedures, and maintain personal hygiene and cleanliness when carrying out daily production duties • Properly clean and maintain production facilities and equipment
End products testing	• Perform laboratory testing to ensure the microbiological quality of end products and goods for sale at stores meet regulatory requirements
Logistics	• Ensure the condition of warehouse, storage areas and delivery fleet are properly maintained and cleaned
Retail	• Conduct regular quality assessment of retail stores

To ensure food safety at the retail level, subsidiaries such as CC Group and CCHK have conducted retail quality assessment at stores on a regularly basis, evaluating the procedures for food preparation, food hygiene and personal hygiene, services received by customers, and cleanliness and maintenance of the premises. In the event of any non-conformances identified, the responsible personnel will be assigned for initiating and executing improvement actions. Results from retail quality assessment, customer complaints in relation to product quality and improvement actions will be shared with store-in-charge during monthly training.

In the event of any non-conforming or potentially unsafe product is spotted, or a product recall is required, the Group has in place a controlling and handling procedure. Respective departments are responsible for segregating and evaluating the non-conforming products, and initiating corrective actions.

B. SOCIAL – OPERATING RESPONSIBLY *(continued)*

B6: Product Responsibility *(continued)*

Safety and quality management in property development, property investment and property management

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. In response to the COVID-19 pandemic, the property management companies have been rigorously carrying out preventive measures such as temperature taking, record keeping and monitoring the health of staff to contain the spread of coronavirus. For property development, the Group did not have any ongoing property project under development during the Year. Product health and safety as well as quality project management were not considered as material issues for this business segment.

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 highlights the guiding principles on safeguarding customer data and intellectual property of third-parties. When handling confidential information, the Group requires its employees to adhere to the policy and comply with applicable laws and regulations. To preserve confidentiality, the Group only collects and keeps information of its business partners and customers that is necessary in its business activities. Prior to data collection, informed consent from the relevant stakeholders is obtained to ensure they understand the purposes of collecting the data and how such data would be used.

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

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

B. SOCIAL – OPERATING RESPONSIBLY *(continued)*

B7: Anti-corruption and Whistleblowing

Honesty, integrity and fairness have always been part of the Group's core values in operating its business. With that in mind, the Group is strongly against bribery, extortion, fraud and money laundering. The Group's Anti-corruption Policy sets out its expectations on the prohibition of all forms of bribery, extortion, fraud and money laundering on all its employees. The policy guides employees in circumstances such as the acceptance and offer of advantage, the dealing with conflict of interest and the handling of confidential information.

The Whistleblowing Policy is in place to encourage the reporting of suspected improprieties or non-compliance. The Group has safe and simple communication channels, such as email address and phone number, for all employees to raise concern confidentially. Whistleblowing reports can be filed for the attention of managers or head of department, the Group Internal Audit Department ("GIA"), the Chief Executive Officer of the Company or the Audit Committee of the Company, as the case may be.

The Audit Committee of the Company has the responsibility of overseeing the procedure and investigating reports received, which is administered with the support of the GIA. The Whistleblowing Policy is reviewed periodically by the head of the GIA to ensure effective monitoring and implementation.

At subsidiaries such as CC Group and CCHK, new employee for head office staff and new restaurant managerial staff will participate in an anti-corruption session in the induction program.

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 non-compliance cases with laws and regulations in relation to corruption nor was there any concluded legal case regarding corruption practices brought against it or its employees.

B. SOCIAL – CARING FOR THE COMMUNITY

B8: Community Investment

As a responsible corporate citizen, the Group strives to understand and meet the needs of local communities and reducing the impacts of its operations on the neighbourhoods. Guided by the Donation Policy, the Group seeks to promote and support the development of communities in which it operates by means of philanthropic donations. The focus areas of contribution continue to include a wide array of aspects, ranging from education, culture, sickness and disability relief, poverty alleviation, disaster aid to religious pursuit. One of the subsidiaries of food businesses has collaborated with an organisation that collected the bakery product in the stores and transferred the leftover food to low income families. During the Year, the Group has donated a total of approximately HK$5,524,000[11] for various charity initiatives. Also, the Group received Certificate of Appreciation from Hong Kong International Chamber of Commerce in recognition of our support to Tai O, Lantau Island Community Care Volunteer Service in 2022.

To fulfil its corporate social responsibility, the Group will continue its endeavour in community engagement and leverage its network and influence in community investment initiatives.

[11] The donation beyond the reporting boundary was included.

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of Lippo China Resources Limited (the "Company") and its subsidiaries (the "Group") set out on pages 80 to 181, 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 Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessments of interests in associates	
As at 31 December 2022, the gross carrying amount of the Group's interests in associates amounted to HK$845 million before impairment provision of HK$23 million. The interests in associates 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. The carrying amounts of the Group's interests in Healthway Medical Corporation Limited ("Healthway") and TIH Limited ("TIH"), material associates of the Group, amounted to HK$474 million and HK$298 million, respectively, as at 31 December 2022. Healthway is a listed company in Singapore which is engaged in the provision of healthcare services in Singapore. TIH is also a listed company in Singapore which is engaged in fund investment and management businesses. As at 31 December 2022, there was indication that the Group's interests in Healthway and TIH may be impaired. Accordingly, management has performed impairment assessment to determine the recoverable amounts of the interests in Healthway and TIH. The impairment assessment of interests in associates 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 interests in associates requires significant management's judgement and estimate. Related disclosures are included in Notes 3 and 19 to the consolidated financial statements.	We assessed management's process for identifying the objective evidence of impairment in respect of the interests in Healthway and TIH. We evaluated and tested the assumptions and methodologies used by management in the determination of the recoverable amounts. We assessed the cash flow projections of Healthway and TIH by making reference to its historical financial performance. For the discount rates applied to the cash flow projections of Healthway and TIH, we assessed the inputs used to determine the rates with reference to market data. We involved our internal valuation specialists to assist us in assessing the discount rates adopted in the cash flow projections.
Fair value of investment properties	
As at 31 December 2022, investment properties measured at fair values amounted to HK$644 million, with a corresponding net fair value loss of HK$22 million recognised in profit or loss. The valuation process is inherently subjective and dependent on a number of estimates. The Group has engaged independent professional valuers to perform the valuation of the investment properties. Related disclosures are included in Notes 3 and 17 to the consolidated financial statements.	We considered the objectivity, independence and competency of the valuers. We assessed the valuation methodologies adopted and assumptions used by the valuers, and performed market value benchmarking against comparable properties. We involved our internal valuation specialists to assist us in evaluating the methodologies adopted and the assumptions used by the valuers for the valuation of investment properties held by the Group.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 March 2023

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Revenue	5	**607,392**	648,547
Cost of sales		**(290,930)**	(316,559)
Gross profit		**316,462**	331,988
Other income	6	**15,948**	12,081
Administrative expenses		**(379,227)**	(392,385)
Other operating expenses	8	**(138,222)**	(149,621)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	8	**(104,334)**	226,157
Net fair value loss on investment properties		**(22,149)**	(6,778)
Other losses — net	7	**(8,042)**	(3,101)
Finance costs	11	**(39,993)**	(30,246)
Share of results of associates		**39,956**	50,230
Share of results of joint ventures		**(404)**	(415)
Profit/(Loss) before tax	8	**(320,005)**	37,910
Income tax	12	**3,483**	1,091
Profit/(Loss) for the year		**(316,522)**	39,001
Attributable to:			
Equity holders of the Company		**(277,890)**	48,665
Non-controlling interests		**(38,632)**	(9,664)
		(316,522)	39,001
		HK cents	HK cents
Earnings/(Loss) per share attributable to equity holders of the Company	13		
Basic and diluted		**(3.02)**	0.53

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Profit/(Loss) for the year		**(316,522)**	39,001
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(40,845)**	9,103
Exchange differences reclassified to profit or loss upon:			
Disposal of foreign subsidiaries	32	**–**	(3,944)
Liquidation of foreign operations	7	**(237)**	(65)
Derecognition of a foreign associate		**–**	(144)
Deemed disposal of a foreign associate		**(12)**	–
Share of other comprehensive income/(loss) of associates		**6,357**	(10,230)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax		**(34,737)**	(5,280)
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		**(25,901)**	(52,349)
Gain on property revaluation		**–**	2,605
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax		**(25,901)**	(49,744)
Other comprehensive loss for the year, net of tax		**(60,638)**	(55,024)
Total comprehensive loss for the year		**(377,160)**	(16,023)
Attributable to:			
Equity holders of the Company		**(329,533)**	(5,479)
Non-controlling interests		**(47,627)**	(10,544)
		(377,160)	(16,023)

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Intangible assets	15	**21,034**	21,034
Fixed assets	16	**1,003,229**	1,052,732
Investment properties	17	**644,432**	685,704
Right-of-use assets	18(a)	**155,841**	156,203
Interests in associates	19	**821,898**	784,932
Interests in joint ventures	20	**76,900**	75,674
Financial assets at fair value through other comprehensive income	21	**72,639**	78,547
Financial assets at fair value through profit or loss	22	**476,427**	655,427
Debtors, prepayments and other assets	23	**14,450**	14,672
Other financial asset	24	**–**	1,504
Deferred tax assets	28	**6,937**	4,225
		3,293,787	3,530,654
Current assets			
Inventories	25	**25,196**	18,697
Debtors, prepayments and other assets	23	**111,041**	120,878
Financial assets at fair value through profit or loss	22	**308,198**	474,019
Other financial assets	24	**651**	–
Tax recoverable		**403**	753
Time deposits with original maturity of more than three months		**–**	76,425
Cash and cash equivalents		**652,761**	783,321
		1,098,250	1,474,093
Current liabilities			
Bank and other borrowings	26	**550,922**	337,144
Lease liabilities	18(b)	**56,782**	54,776
Creditors, accruals and other liabilities	27	**194,250**	223,661
Other financial liabilities	24	**–**	9,824
Tax payable		**116,456**	117,401
		918,410	742,806
Net current assets		**179,840**	731,287
Total assets less current liabilities		**3,473,627**	4,261,941

Consolidated Statement of Financial Position *(continued)*

As at 31 December 2022

	Note	**2022 HK$'000**	2021 HK$'000
Non-current liabilities			
Bank and other borrowings	26	**312,515**	651,448
Lease liabilities	18(b)	**108,601**	111,360
Creditors, accruals and other liabilities	27	**9,150**	10,698
Deferred tax liabilities	28	**20,326**	26,470
		450,592	799,976
Net assets		**3,023,035**	3,461,965
Equity			
Equity attributable to equity holders of the Company			
Share capital	29	**1,705,907**	1,705,907
Reserves	30	**967,310**	1,372,433
		2,673,217	3,078,340
Non-controlling interests		**349,818**	383,625
		3,023,035	3,461,965

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						Non-controlling interests HK$'000	Total equity HK$'000
	Share capital HK$'000	Fair value reserve of financial assets at FVOCI* HK$'000	Other assets revaluation reserve HK$'000	Exchange equalisation reserve HK$'000	Retained profits HK$'000	Total HK$'000		
At 1 January 2022	1,705,907	(188,788)	5,395	93,348	1,462,478	3,078,340	383,625	3,461,965
Loss for the year	–	–	–	–	(277,890)	(277,890)	(38,632)	(316,522)
Other comprehensive income/(loss) for the year:								
Exchange differences on translation of foreign operations	–	–	–	(35,000)	–	(35,000)	(5,845)	(40,845)
Exchange differences reclassified to profit or loss upon:								
Liquidation of foreign operations	–	–	–	(237)	–	(237)	–	(237)
Deemed disposal of a foreign associate	–	–	–	(12)	–	(12)	–	(12)
Changes in fair value of equity instruments at fair value through other comprehensive income	–	(22,751)	–	–	–	(22,751)	(3,150)	(25,901)
Share of other comprehensive income of associates	–	–	–	6,357	–	6,357	–	6,357
Total comprehensive loss for the year	–	(22,751)	–	(28,892)	(277,890)	(329,533)	(47,627)	(377,160)
Change in non-controlling interests without change in control	–	–	–	567	(567)	–	1	1
Share of equity movements arising on equity transactions of an associate	–	–	–	–	(2,095)	(2,095)	–	(2,095)
2021 final dividend declared and paid to shareholders of the Company	–	–	–	–	(41,341)	(41,341)	–	(41,341)
2022 interim dividend declared and paid to shareholders of the Company	–	–	–	–	(32,154)	(32,154)	–	(32,154)
Advance from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	13,819	13,819
At 31 December 2022	1,705,907	(211,539)	5,395	65,023	1,108,431	2,673,217	349,818	3,023,035

* FVOCI stands for fair value through other comprehensive income.

Consolidated Statement of Changes in Equity *(continued)*

For the year ended 31 December 2022

	Attributable to equity holders of the Company							
	Share capital HK$'000	Fair value reserve of financial assets at FVOCI* HK$'000	Other assets revaluation reserve HK$'000	Exchange equalisation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2021	1,705,907	(132,167)	2,790	92,650	1,454,378	3,123,558	358,585	3,482,143
Profit/(Loss) for the year	–	–	–	–	48,665	48,665	(9,664)	39,001
Other comprehensive income/(loss) for the year:								
Exchange differences on translation of foreign operations	–	–	–	12,723	–	12,723	(3,620)	9,103
Exchange differences reclassified to profit or loss upon:								
Disposal of foreign subsidiaries	–	–	–	(1,586)	–	(1,586)	(2,358)	(3,944)
Liquidation of foreign operations	–	–	–	(65)	–	(65)	–	(65)
Derecognition of a foreign associate	–	–	–	(144)	–	(144)	–	(144)
Changes in fair value of equity instruments at fair value through other comprehensive income	–	(57,447)	–	–	–	(57,447)	5,098	(52,349)
Share of other comprehensive loss of associates	–	–	–	(10,230)	–	(10,230)	–	(10,230)
Gain on property revaluation	–	–	2,605	–	–	2,605	–	2,605
Total comprehensive income/(loss) for the year	–	(57,447)	2,605	698	48,665	(5,479)	(10,544)	(16,023)
Transfer of fair value reserve upon disposal of a subsidiary	–	19	–	–	(19)	–	–	–
Transfer of fair value reserve upon disposal of equity instruments at fair value through other comprehensive income	–	807	–	–	(807)	–	–	–
Share of equity movements arising on equity transactions of an associate	–	–	–	–	(7,585)	(7,585)	–	(7,585)
2020 final dividend declared and paid to shareholders of the Company	–	–	–	–	(32,154)	(32,154)	–	(32,154)
Unclaimed dividends to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	156	156
Advance from non-controlling shareholders of a subsidiary	–	–	–	–	–	–	35,428	35,428
At 31 December 2021	1,705,907	(188,788)	5,395	93,348	1,462,478	3,078,340	383,625	3,461,965

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	33(a)	**(11,731)**	74,077
Interest received		**4,535**	3,665
Dividends received from:			
An associate		**5,479**	5,580
Investments		**10,461**	16,853
Taxes refunded/(paid):			
Hong Kong		**72**	1,660
Mainland China and overseas		**(2,246)**	(6,728)
Net cash flows from operating activities		**6,570**	95,107
Cash flows from investing activities			
Distribution from financial assets at fair value through profit or loss		**35,620**	26,403
Proceeds from disposal of:			
Fixed assets		**14**	2,365
Financial assets at fair value through other comprehensive income		**–**	447
Financial assets at fair value through profit or loss		**125,103**	2,759
Payments to acquire:			
Fixed assets		**(36,989)**	(38,444)
Exploration and evaluation assets		**(437)**	(1,260)
Financial assets at fair value through other comprehensive income		**(8,669)**	(18,557)
Financial assets at fair value through profit or loss		**(35,738)**	(52,059)
Advances to joint ventures		**(80)**	(343)
Repayment from a joint venture		**–**	305
Disposal of subsidiaries	32	**–**	(40)
Decrease/(Increase) in time deposits with original maturity of more than three months		**69,951**	(1,244)
Net cash flows from/(used in) investing activities		**148,775**	(79,668)

Consolidated Statement of Cash Flows *(continued)*

For the year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
Cash flows from financing activities		
Drawdown of bank and other borrowings	**377,679**	195,000
Repayment of bank and other borrowings	**(503,118)**	(376,541)
Principal portion of lease payments	**(54,786)**	(53,067)
Finance costs paid	**(39,138)**	(34,123)
Dividends paid to shareholders of the Company	**(73,495)**	(50,528)
Disposal of a subsidiary without loss in control	**1**	–
Advance from non-controlling shareholders of subsidiaries	**13,819**	35,428
Decrease in restricted cash	**–**	54,962
Net cash flows used in financing activities	**(279,038)**	(228,869)
Net decrease in cash and cash equivalents	**(123,693)**	(213,430)
Cash and cash equivalents at beginning of year	**783,321**	994,515
Exchange realignments	**(6,867)**	2,236
Cash and cash equivalents at end of year	**652,761**	783,321

Notes to the Financial Statements

1. CORPORATE AND GROUP INFORMATION

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

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

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

Details of the principal subsidiaries are set out on pages 173 to 178.

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 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).

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.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

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 retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	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.

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

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

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

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

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

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 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

5 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

6 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

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.

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

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.

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.

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

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Interests in joint operations

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

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

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

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

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

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

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

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

(c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

(d) Fair value measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Fair value measurement *(continued)*

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

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

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

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

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

(e) Impairment of non-financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

(g) Fixed assets and depreciation

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Fixed assets and depreciation *(continued)*

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

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

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

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

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

(h) Investment properties

Investment properties are interests in land and buildings (including 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 retained profits as a movement in reserves.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Intangible assets (other than goodwill)

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

Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible asset relating to unpatented technology which acquired in a business combination has finite useful life and is measured at cost less accumulated amortisation and impairment losses. The unpatented technology is amortised in the statement of profit or loss on a straight-line basis over its estimated useful life as follows:

Unpatented technology	10%

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(j) Leases

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

Group as a lessee

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) 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	1 to 10 years
Plant and equipment	3 to 5 years
Motor vehicles	2 to 10 years

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

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. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Leases *(continued)*

Group as a lessee (continued)

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

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

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

Group as a lessor

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

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

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

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

(k) Investments and other financial assets

Initial recognition and measurement

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Subsequent measurement (continued)

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.

(l) Derecognition of financial assets

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

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

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

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

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

(m) Impairment of financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Impairment of financial assets *(continued)*

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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Impairment of financial assets *(continued)*

Simplified approach

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

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

(n) Financial liabilities

Initial recognition and measurement

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

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

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Financial liabilities *(continued)*

Subsequent measurement (continued)

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.

(o) Derecognition of financial liabilities

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

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

(p) Offsetting of financial instruments

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

(q) 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Derivative financial instruments *(continued)*

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.

(r) Inventories

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

(s) Cash and cash equivalents

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.

(t) Provisions

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Income tax

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

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Income tax *(continued)*

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

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

(v) Government grants

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

(w) Revenue recognition

Revenue from contracts with customers

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(i) Sale of goods and fast-moving consumer products

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

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

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

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

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

(ii) Sale of food and beverage

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

(iii) Provision of management services

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Revenue recognition *(continued)*

Revenue from other sources

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

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

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

(x) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

(y) Contract liabilities

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

(z) Contract costs

Other than the costs which are capitalised as inventories, exploration and evaluation assets, fixed assets and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(i) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(ii) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(iii) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

(aa) Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ab) Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

(ac) 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.

Retirement benefits

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

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

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

(ad) 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ae) Dividends and distributions

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

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

(af) 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Judgements

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

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

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

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

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

(b) Estimation uncertainty

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

Estimation of fair value of investment properties

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

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

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

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

The carrying amount of investment properties as at 31 December 2022 was HK$644,432,000 (2021 — HK$685,704,000). Further details are disclosed in Note 17 to the financial statements.

Impairment of non-financial assets

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

The recoverable amount of the CGU to which goodwill has been allocated to is determined based on value-in-use calculations. The key assumptions applied in the determination of the value in use are disclosed and further explained in Note 15 to the financial statements. The carrying amount of intangible assets as at 31 December 2022 was HK$21,034,000 (2021 — HK$21,034,000).

Impairment of interests in associates

After applying the equity method, the Group assesses whether there is any objective evidence of impairment for the interests in associates. The interests in associates are tested for impairment when there is objective evidence of impairment. The carrying amount of interests in associates as at 31 December 2022 was HK$821,898,000 (2021 — HK$784,932,000). Further details are disclosed in Note 19 to the financial statements.

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

(b) Estimation uncertainty *(continued)*

Fair value of unlisted equity investments

When the fair values of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as the implied equity value, volatility and discount rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The Group classifies the fair value of these investments as Level 3. Further details are included in Note 38 to the financial statements.

Provision for expected credit losses on trade debtors

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

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

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

4. SEGMENT INFORMATION

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

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

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

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

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

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

(f) the "other" segment comprises principally development and sale of properties, mineral exploration and extraction, the provision of property, 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.

4. SEGMENT INFORMATION *(continued)*

Year ended 31 December 2022

	Property investment HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Food businesses HK$'000	Healthcare services HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue								
External	17,177	3,613	11,606	560,256	–	14,740	–	607,392
Inter-segment	3,857	–	–	–	–	3,803	(7,660)	–
Total	21,034	3,613	11,606	560,256	–	18,543	(7,660)	607,392
Segment results	(22,981)	3,613	(100,806)	(110,714)	(1,823)	1,249	(309)	(231,771)
Unallocated corporate expenses								(99,847)
Finance costs								(27,939)
Share of results of associates	–	–	–	–	29,166	10,790	–	39,956
Share of results of joint ventures	–	–	–	(399)	–	(5)	–	(404)
Loss before tax								(320,005)
Segment assets	1,245,789	294,070	1,076,215	832,727	–	9,009	(4,567)	3,453,243
Interests in associates	–	–	–	–	473,843	348,055	–	821,898
Interests in joint ventures	–	–	41,773	34,795	–	332	–	76,900
Unallocated assets								39,996
Total assets								4,392,037
Segment liabilities	204,216	–	42,167	463,587	421,728	340,153	(1,003,780)	468,071
Unallocated liabilities								900,931
Total liabilities								1,369,002
Other segment information:								
Capital expenditure *(Note)*	213	–	–	36,466	–	447	–	37,126
Depreciation	(16,916)	–	–	(102,154)	–	(139)	3,410	(115,799)
Interest income	–	3,613	1,255	1,691	–	–	–	6,559
Finance costs	–	–	(1,321)	(10,870)	–	–	137	(12,054)
Loss on disposal of fixed assets	–	–	–	(97)	–	–	–	(97)
Loss on deemed disposal of an associate	–	–	–	–	(45)	–	–	(45)
Provisions for impairment losses on:								
A joint venture	–	–	–	–	–	(62)	–	(62)
Inventories	–	–	–	(1,868)	–	–	–	(1,868)
Loans and receivables	–	–	–	(153)	–	–	–	(153)
Fixed assets written off	–	–	–	(57)	–	–	–	(57)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	144	–	–	–	–	–	–	144
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	–	(104,589)	255	–	–	–	(104,334)
Net fair value loss on investment properties	(22,149)	–	–	–	–	–	–	(22,149)
Unallocated:								
Capital expenditure *(Note)*								300
Depreciation								(8,409)
Finance costs								(27,939)
Loss on disposal of fixed assets								(2)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations								93

4. SEGMENT INFORMATION *(continued)*

Year ended 31 December 2021

	Property investment HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Food businesses HK$'000	Healthcare services HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue								
External	18,517	2,378	16,751	596,476	–	14,425	–	648,547
Inter-segment	3,857	–	–	–	–	10,674	(14,531)	–
Total	22,374	2,378	16,751	596,476	–	25,099	(14,531)	648,547
Segment results	(7,107)	2,378	212,688	(66,578)	(1,908)	(9,062)	(199)	130,212
Unallocated corporate expenses								(123,655)
Finance costs								(18,462)
Share of results of associates	–	–	–	–	25,425	24,805	–	50,230
Share of results of joint ventures	–	–	–	(396)	–	(19)	–	(415)
Profit before tax								37,910
Segment assets	1,303,411	308,945	1,638,259	839,196	–	17,554	(14,297)	4,093,068
Interests in associates	–	–	–	–	442,843	342,089	–	784,932
Interests in joint ventures	–	–	41,744	33,595	–	335	–	75,674
Unallocated assets								51,073
Total assets								5,004,747
Segment liabilities	213,653	–	57,670	494,357	418,381	367,239	(1,038,673)	512,627
Unallocated liabilities								1,030,155
Total liabilities								1,542,782
Other segment information:								
Capital expenditure *(Note)*	–	–	–	38,607	–	1,428	–	40,035
Depreciation	(17,150)	–	–	(90,869)	–	(230)	3,410	(104,839)
Interest income	–	2,378	–	1,953	–	119	–	4,450
Finance costs	–	–	–	(11,117)	–	(915)	248	(11,784)
Gain/(Loss) on disposal of:								
Subsidiaries	–	–	(3,884)	13,442	–	561	–	10,119
Fixed assets	–	–	–	150	–	(15)	–	135
Gain on derecognition of an associate	–	–	–	–	–	4,788	–	4,788
Write-back of provisions/(Provisions) for impairment losses on:								
Fixed assets	–	–	–	428	–	–	–	428
Joint ventures	–	–	–	–	(63)	(323)	–	(386)
Inventories	–	–	–	(2,608)	–	–	–	(2,608)
Loans and receivables	–	–	–	457	–	–	–	457
Fixed assets written off	–	–	–	(2,643)	–	–	–	(2,643)
Net fair value gain on financial instruments at fair value through profit or loss	–	–	218,060	8,097	–	–	–	226,157
Net fair value loss on investment properties	(6,778)	–	–	–	–	–	–	(6,778)
Unallocated:								
Capital expenditure *(Note)*								247
Depreciation								(10,073)
Finance costs								(18,462)
Loss on disposal of fixed assets								(6)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations								65

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

4. SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2022 HK$'000	2021 HK$'000
Hong Kong	**196,285**	238,208
Mainland China	**9,134**	8,450
Republic of Singapore	**391,649**	391,981
Malaysia	**2,527**	1,006
Other	**7,797**	8,902
	607,392	648,547

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

(b) Non-current assets

	2022 HK$'000	2021 HK$'000
Hong Kong	**1,119,692**	1,154,297
Mainland China	**171,701**	197,171
Republic of Singapore	**970,424**	933,721
Malaysia	**334,169**	358,895
Other	**130,254**	134,842
	2,726,240	2,778,926

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

Information about a major customer

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

5. REVENUE

An analysis of revenue is as follows:

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers:		
Sale of goods and fast-moving consumer products	**266,461**	285,731
Sale of food and beverage	**291,065**	307,427
Provision of management services	**13,981**	14,115
	571,507	607,273
Revenue from other sources:		
Property rental income from operating leases:		
Variable lease payments that do not depend on an index or a rate	**522**	–
Other lease payments, including fixed payments	**16,655**	18,517
	17,177	18,517
Interest income	**6,559**	4,332
Dividend income	**10,351**	16,751
Other	**1,798**	1,674
	607,392	648,547

5. REVENUE *(continued)*

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	Food businesses HK$'000	Other HK$'000	Total HK$'000
Year ended 31 December 2022			
Types of goods or services:			
Sale of goods and fast-moving consumer products	**266,461**	**–**	**266,461**
Sale of food and beverage	**291,065**	**–**	**291,065**
Provision of management services	**–**	**13,981**	**13,981**
Total revenue from contracts with customers	**557,526**	**13,981**	**571,507**
Geographical markets:			
Hong Kong	**169,461**	**10,599**	**180,060**
Mainland China	**–**	**2,258**	**2,258**
Republic of Singapore	**386,168**	**1,124**	**387,292**
Malaysia	**1,897**	**–**	**1,897**
Total revenue from contracts with customers	**557,526**	**13,981**	**571,507**
Timing of revenue recognition:			
Goods transferred at a point in time	**557,526**	**–**	**557,526**
Services transferred over time	**–**	**13,981**	**13,981**
Total revenue from contracts with customers	**557,526**	**13,981**	**571,507**
Year ended 31 December 2021			
Types of goods or services:			
Sale of goods and fast-moving consumer products	285,731	–	285,731
Sale of food and beverage	307,427	–	307,427
Provision of management services	–	14,115	14,115
Total revenue from contracts with customers	593,158	14,115	607,273
Geographical markets:			
Hong Kong	205,024	10,729	215,753
Mainland China	–	1,824	1,824
Republic of Singapore	387,891	1,562	389,453
Malaysia	243	–	243
Total revenue from contracts with customers	593,158	14,115	607,273
Timing of revenue recognition:			
Goods transferred at a point in time	593,158	–	593,158
Services transferred over time	–	14,115	14,115
Total revenue from contracts with customers	593,158	14,115	607,273

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(a) Disaggregated revenue information *(continued)*

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

Segments	Food businesses HK$'000	Other HK$'000	Total HK$'000
Year ended 31 December 2022			
Revenue from contracts with customers			
External customers	**557,526**	**13,981**	**571,507**
Inter-segment	**–**	**3,803**	**3,803**
Total revenue from contracts with customers	**557,526**	**17,784**	**575,310**
Revenue from other sources — external	**2,730**	**759**	**3,489**
Total segment revenue	**560,256**	**18,543**	**578,799**
Year ended 31 December 2021			
Revenue from contracts with customers			
External customers	593,158	14,115	607,273
Inter-segment	–	10,674	10,674
Total revenue from contracts with customers	593,158	24,789	617,947
Revenue from other sources — external	3,318	310	3,628
Total segment revenue	596,476	25,099	621,575

(b) Performance obligations

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

(i) Sale of goods and fast-moving consumer products

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

(ii) Sale of food and beverage

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

(iii) Provision of management services

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

6. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Government grants *(Note)*	**15,948**	11,963
Interest income from promissory note	**–**	118
	15,948	12,081

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

7. OTHER LOSSES — NET

	2022 HK$'000	2021 HK$'000
Gain/(Loss) on disposal of:		
Subsidiaries *(Note 32)*	**–**	10,119
Fixed assets	**(99)**	129
Loss on deemed disposal of an associate	**(45)**	–
Gain on derecognition of an associate	**–**	4,788
Write-back of provisions/(Provisions) for impairment losses on:		
Fixed assets	**–**	428
Joint ventures	**(62)**	(386)
Inventories	**(1,868)**	(2,608)
Loans and receivables	**(153)**	457
Fixed assets written off	**(57)**	(2,643)
Foreign exchange losses — net	**(5,995)**	(13,450)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	**237**	65
	(8,042)	(3,101)

8. PROFIT/(LOSS) BEFORE TAX

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

	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	**(89,469)**	49,433
Debt securities	**(1,824)**	2,878
Investment funds	**(9,978)**	159,906
Equity linked notes	**–**	437
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**–**	3,669
Derivative financial instruments	**(3,063)**	9,834
	(104,334)	226,157
Employee benefit expense *(Note (a))*:		
Wages and salaries	**(269,344)**	(299,918)
Retirement benefit costs *(Note (b))*	**(14,020)**	(15,068)
Total staff costs	**(283,364)**	(314,986)
Interest income:		
Loans and advances	**1,640**	1,901
Financial assets at fair value through profit or loss	**1,255**	–
Promissory note	**–**	118
Other	**3,664**	2,431
Depreciation of fixed assets	**(67,779)**	(60,077)
Depreciation of right-of-use assets	**(56,429)**	(54,835)
Auditors' remuneration	**(5,690)**	(5,392)
Lease payments not included in the measurement of lease liabilities *(Note 18(c))*	**(8,540)**	(15,496)
Direct operating expenses arising on rental-earning investment properties	**(2,109)**	(2,233)
Cost of inventories sold	**(288,821)**	(314,326)
Selling and distribution expenses *(Note (c))*	**(41,800)**	(31,914)
Legal and professional fees *(Note (c))*	**(18,264)**	(26,274)
Consultancy and service fees *(Note (c))*	**(10,989)**	(20,226)
Utilities charges *(Note (c))*	**(11,705)**	(11,290)
Repairs and maintenance expenses *(Note (c))*	**(5,315)**	(9,998)

Note:

(a) The amounts include Directors' emoluments disclosed in Note 9 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.

9. DIRECTORS' EMOLUMENTS

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

	2022 **HK$'000**	2021 HK$'000
Directors' fees	**2,532**	2,441
Basic salaries, allowances and benefits in kind	**3,538**	3,539
Discretionary bonuses paid and payable	**11,683**	22,500
Retirement benefit costs	**96**	92
	17,849	28,572

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

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

9. 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	2,137	20,000	56	22,439
John Luen Wai Lee	246	605	1,500	18	2,369
James Siu Lung Lee	246	797	1,000	18	2,061
	738	3,539	22,500	92	26,869
Non-executive director:					
Leon Nim Leung Chan	404	–	–	–	404
Independent non-executive directors:					
Edwin Neo	404	–	–	–	404
King Fai Tsui *(Note (a))*	462	–	–	–	462
Victor Ha Kuk Yung	433	–	–	–	433
	1,299	–	–	–	1,299
	2,441	3,539	22,500	92	28,572

Note:

(a) King Fai Tsui 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.

10. 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 9 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	**8,672**	8,726
Discretionary bonuses paid and payable	**4,230**	8,159
Retirement benefit costs	**161**	155
	13,063	17,040

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
2,000,001 — 2,500,000	**1**	–
2,500,001 — 3,000,000	**1**	–
3,000,001 — 3,500,000	**1**	1
3,500,001 — 4,000,000	**–**	1
4,000,001 — 4,500,000	**–**	1
4,500,001 — 5,000,000	**1**	–
5,500,001 — 6,000,000	**–**	1
	4	4

11. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on bank and other borrowings	**35,847**	25,576
Interest on lease liabilities	**4,146**	4,670
Total interest	**39,993**	30,246

12. INCOME TAX

	2022 HK$'000	2021 HK$'000
Hong Kong:		
Charge for the year	**–**	591
Overprovision in prior years	**(10)**	(20)
Deferred *(Note 28)*	**109**	(470)
	99	101
Mainland China and overseas:		
Charge for the year	**3,639**	2,142
Overprovision in prior years	**(1,749)**	(903)
Deferred *(Note 28)*	**(5,472)**	(2,431)
	(3,582)	(1,192)
Total credit for the year	**(3,483)**	(1,091)

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.

12. INCOME TAX *(continued)*

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

	2022 HK$'000	2021 HK$'000
Profit/(Loss) before tax	**(320,005)**	37,910
Tax at the statutory tax rate of 16.5% (2021 — 16.5%)	**(52,801)**	6,255
Effect of different tax rates in other jurisdictions	**(4,284)**	(16,205)
Adjustments in respect of current tax of previous years	**(1,759)**	(923)
Profits attributable to joint ventures and associates	**(6,526)**	(8,219)
Income not subject to tax	**(12,967)**	(40,098)
Expenses not deductible for tax	**38,678**	26,285
Effect of partial tax exemption and tax relief	**(99)**	(666)
Benefits from tax losses/temporary differences previously unrecognised	**–**	(2,482)
Tax losses/temporary differences not recognised	**36,275**	34,962
Tax credit at the Group's effective rate	**(3,483)**	(1,091)

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 9,186,913,000 ordinary shares (2021 — approximately 9,186,913,000 ordinary shares) in issue during the year.

(b) Diluted earnings/(loss) 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 — HK0.35 cents per ordinary share (2021 — Nil)	**32,154**	–
Final dividend, proposed — Nil (2021 — HK0.45 cents per ordinary share)	**–**	41,341
	32,154	41,341

15. INTANGIBLE ASSETS

	Goodwill HK$'000	Trademark licence agreement HK$'000	Unpatented technology HK$'000	Total HK$'000
2022				
Cost:				
At 1 January 2022	**152,651**	**187,805**	**82,329**	**422,785**
Exchange adjustments	**1,020**	**1,456**	**638**	**3,114**
At 31 December 2022	**153,671**	**189,261**	**82,967**	**425,899**
Accumulated amortisation and impairment losses:				
At 1 January 2022	**131,617**	**187,805**	**82,329**	**401,751**
Exchange adjustments	**1,020**	**1,456**	**638**	**3,114**
At 31 December 2022	**132,637**	**189,261**	**82,967**	**404,865**
Net carrying amount:				
At 31 December 2022	**21,034**	**–**	**–**	**21,034**
2021				
Cost:				
At 1 January 2021	154,579	190,557	83,536	428,672
Exchange adjustments	(1,928)	(2,752)	(1,207)	(5,887)
At 31 December 2021	152,651	187,805	82,329	422,785
Accumulated amortisation and impairment losses:				
At 1 January 2021	133,545	190,557	83,536	407,638
Exchange adjustments	(1,928)	(2,752)	(1,207)	(5,887)
At 31 December 2021	131,617	187,805	82,329	401,751
Net carrying amount:				
At 31 December 2021	21,034	–	–	21,034

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

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

15. INTANGIBLE ASSETS *(continued)*

Impairment testing of goodwill

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

	Goodwill HK$'000	Compounded revenue growth rate %	Long-term growth rate %	Pre-tax discount rate per annum %
At 31 December 2022				
All Around Limited	**21,034**	**18.9**	**1.0**	**6.6**
At 31 December 2021				
All Around Limited	21,034	16.1	1.5	6.4

The recoverable amounts have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a period of five years (2021 — five years). Management has considered and determined the factors applied in these financial budgets which include budgeted gross margins and the target growth rates.

Key assumptions used in the value-in-use calculations

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

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

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

Impairment loss recognised

For the years ended 31 December 2022 and 2021, impairment assessment review had been performed for the goodwill acquired in All Around Limited and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value. No impairment loss was charged to the consolidated statement of profit or loss during the year ended 31 December 2022 (2021 — Nil) based on the impairment assessment review.

Sensitivity to changes in assumptions

For the years ended 31 December 2022 and 2021, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the business units to materially exceed their recoverable amounts.

16. FIXED ASSETS

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

16. FIXED ASSETS *(continued)*

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures, plant and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
2021						
At 1 January 2021						
Cost	1,017,298	178,140	439,119	5,290	17,996	1,657,843
Accumulated depreciation and impairment losses	(209,720)	(125,536)	(220,285)	(4,657)	–	(560,198)
Net carrying amount	807,578	52,604	218,834	633	17,996	1,097,645
At 1 January 2021, net of accumulated depreciation and impairment losses	807,578	52,604	218,834	633	17,996	1,097,645
Additions *(Note)*	7,617	11,513	11,217	87	8,588	39,022
Surplus on revaluation	2,605	–	–	–	–	2,605
Reclassification	7,022	4,554	10,490	–	(22,066)	–
Reclassification to investment properties *(Note 17)*	(13,000)	–	–	–	–	(13,000)
Disposals	–	(2,064)	(172)	–	–	(2,236)
Depreciation provided during the year	(19,693)	(13,501)	(26,628)	(255)	–	(60,077)
Impairment written back during the year	–	–	428	–	–	428
Write-off during the year	–	–	(2,643)	–	–	(2,643)
Exchange adjustments	(4,825)	2,056	(5,753)	6	(496)	(9,012)
At 31 December 2021, net of accumulated depreciation and impairment losses	787,304	55,162	205,773	471	4,022	1,052,732
At 31 December 2021						
Cost	953,632	189,747	313,960	5,393	4,022	1,466,754
Accumulated depreciation and impairment losses	(166,328)	(134,585)	(108,187)	(4,922)	–	(414,022)
Net carrying amount	787,304	55,162	205,773	471	4,022	1,052,732

Note: Cash payments of HK$36,989,000 (2021 — HK$38,444,000) were made to purchase fixed assets during the year. The amounts as at 31 December 2021 also included reinstatement costs of HK$578,000 for dismantling, removal and restoration of fixed assets.

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

17. INVESTMENT PROPERTIES

	2022 HK$'000	2021 HK$'000
Carrying amount at beginning of year	**685,704**	673,670
Reclassification from fixed assets *(Note 16)*	**–**	13,000
Fair value adjustments	**(22,149)**	(6,778)
Exchange adjustments	**(19,123)**	5,812
Carrying amount at end of year	**644,432**	685,704

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

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

Based on professional valuations as at 31 December 2022 made by CBRE, Inc., Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Dalia Assis, Newmark Polska Sp. z o.o., RHL Appraisal Limited and Vigers Appraisal and Consulting Limited, independent qualified valuers, the investment properties were revalued on an open market, existing use basis at HK$644,432,000 (2021 — HK$685,704,000).

Fair value hierarchy

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

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

17. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31 December 2021				
Recurring fair value measurement for:				
Completed investment properties in:				
Hong Kong	–	–	409,600	409,600
Mainland China	–	–	171,232	171,232
Overseas	–	–	104,872	104,872
	–	–	685,704	685,704

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:			
Hong Kong	Market approach	Price per square metre	HK$219,000 to HK$275,500 (2021 — HK$164,000 to HK$275,500)
	Income approach	Capitalisation rate	2.5% to 8.0% (2021 — 2.4% to 8.0%)
Mainland China	Market approach	Price per square metre	HK$11,500 to HK$12,500 (2021 — HK$15,500 to HK$19,500)
Overseas	Market approach	Price per square metre	HK$6,500 to HK$109,000 (2021 — HK$7,000 to HK$103,500)

17. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

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

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

18. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties, equipment and motor vehicles used in its operations. Leases of properties generally have lease terms of 1 to 10 years. Equipment generally has lease terms of 3 to 5 years, while motor vehicles generally have lease terms of 2 to 10 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases with lease term of 1 year or less and leases of low-value assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets

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

	Land and buildings HK$'000	Plant and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
2022				
At 1 January 2022	**129,369**	**971**	**25,863**	**156,203**
Additions	**56,574**	**–**	**496**	**57,070**
Depreciation provided during the year	**(46,468)**	**(500)**	**(9,461)**	**(56,429)**
Exchange adjustments	**(972)**	**–**	**(31)**	**(1,003)**
At 31 December 2022	**138,503**	**471**	**16,867**	**155,841**
2021				
At 1 January 2021	89,522	1,501	36,563	127,586
Additions	84,154	–	370	84,524
Depreciation provided during the year	(44,349)	(509)	(9,977)	(54,835)
Exchange adjustments	42	(21)	(1,093)	(1,072)
At 31 December 2021	129,369	971	25,863	156,203

18. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

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

	2022 HK$'000	2021 HK$'000
Balance at beginning of year	**166,136**	135,011
Additions	**57,070**	84,524
COVID-19-related rent concessions from lessors	**(2,982)**	(5,506)
Interest expenses	**4,146**	4,670
Payments	**(58,932)**	(57,737)
Exchange adjustments	**(55)**	5,174
Balance at end of year	**165,383**	166,136
Analysed into:		
Within one year	**56,782**	54,776
After one year but within two years	**39,745**	47,552
After two years but within five years	**54,883**	46,429
Over five years	**13,973**	17,379
	108,601	111,360
	165,383	166,136

The maturity analysis of lease liabilities is disclosed in Note 39(b) to the financial statements.

The Group has applied the practical expedient to all eligible rent concessions granted by the lessors for leases of certain properties during the year.

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

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities	**4,146**	4,670
Depreciation of right-of-use assets	**56,429**	54,835
Expense relating to short-term leases (included in administrative expenses)	**1,838**	7,578
Expense relating to leases of low-value assets (included in administrative expenses)	**324**	231
Variable lease payments not included in the measurement of lease liabilities (included in administrative expenses)	**6,378**	7,687
COVID-19-related rent concessions from lessors	**(2,982)**	(5,506)
Total amount recognised in the statement of profit or loss	**66,133**	69,495

18. LEASES *(continued)*

The Group as a lessee *(continued)*

(d) Extension and termination options

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

	Payable within five years HK$'000	Payable after five years HK$'000	Total HK$'000
At 31 December 2022			
Extension options expected not to be exercised	**37,771**	**48,977**	**86,748**
At 31 December 2021			
Extension options expected not to be exercised	31,706	4,340	36,046

(e) Variable lease payments

The Group leased certain properties which contain variable lease payment terms that are based on the percentage of sales in excess of the base rent. There are also minimum annual base rental arrangements for these leases. The amounts of the fixed and variable lease payments made during the year ended 31 December 2022 for these leases were HK$1,948,000 and HK$6,378,000 (2021 — HK$3,540,000 and HK$7,687,000), respectively.

(f) The total cash outflow for leases is disclosed in Note 33(d) to the financial statements.

The Group as a lessor

The Group leases certain properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market condition. Details of the rental income recognised by the Group are included in Note 5 to the financial statements.

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

	2022 HK$'000	2021 HK$'000
Within one year	**11,437**	13,571
After one year but within two years	**6,143**	6,549
After two years but within three years	**2,838**	1,323
After three years but within four years	**1,393**	157
After four years but within five years	**1,346**	–
After five years	**2,809**	–
	25,966	21,600

19. INTERESTS IN ASSOCIATES

	2022 HK$'000	2021 HK$'000
Share of net assets	**564,091**	528,755
Goodwill	**280,638**	278,832
Due from associates	**–**	30,527
Provisions for impairment losses	**(22,831)**	(53,182)
	821,898	784,932

The amounts due from associates as at 31 December 2021 were unsecured, interest-free and repayable on demand. In the opinion of the Directors, these balances were considered as part of the Group's net investments in the associates. As at 31 December 2021, the loss allowance for impairment of amounts due from associates amounted to HK$30,527,000, which represented lifetime ECLs made for credit-impaired balances. Such loss allowance was written off upon the disposal of subsidiaries during the year ended 31 December 2022.

Details of the principal associates are set out on page 179.

Healthway Medical Corporation Limited ("Healthway") and TIH Limited ("TIH") are considered as material associates of the Group.

Healthway

Healthway is a listed company in Singapore. Healthway, together with its subsidiaries, owns, operates and manages over 100 clinics and medical centres in Singapore. Healthway became an associate of the Group in May 2017 after the completion of a voluntary conditional cash offer and Healthway is accounted for using the equity method. As at 31 December 2022, the Group's equity interest in Healthway was 40.76% (2021 — 40.83%).

The Group assessed that there was indication that the carrying amount of interest in Healthway may be impaired as at 31 December 2022. The recoverable amount of the associate is estimated based on a value-in-use calculation. The Directors considered no impairment loss was necessary for the year ended 31 December 2022 (2021 — Nil).

TIH

TIH is a closed-end fund listed in Singapore which focuses on investment in various sectors in Asia such as consumer and industrial products, healthcare, technology, media and telecommunications, food, manufacturing and chemicals. TIH became an associate of the Group in early 2018 through a share offer and is accounted for using the equity method. As at 31 December 2022, the Group's equity interest in TIH remained at 39.92% (2021 — 39.92%).

The Group assessed that there was indication that the carrying amount of interest in TIH may be impaired as at 31 December 2022. The recoverable amount of the associate is estimated based on a value-in-use calculation. The Directors considered no impairment loss was necessary for the year ended 31 December 2022 (2021 — Nil).

19. INTERESTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised consolidated financial information of Healthway and TIH, adjusted for fair value adjustments on acquisition (if any) and any differences in accounting policies and reconciled to the carrying amounts in the financial statements:

	Healthway		TIH	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current assets	**399,530**	348,128	**370,874**	345,990
Non-current assets	**585,284**	485,657	**512,428**	516,520
Current liabilities	**(229,373)**	(194,474)	**(136,731)**	(134,246)
Non-current liabilities	**(168,817)**	(131,773)	**(996)**	(549)
Net assets, excluding goodwill	**586,624**	507,538	**745,575**	727,715
Less: Non-controlling interests	**(7,898)**	(1,832)	**–**	–
Net assets attributable to equity holders of the associate	**578,726**	505,706	**745,575**	727,715
Reconciliation to the Group's interests in associates:				
Group's share of net assets of associates, excluding goodwill	**235,882**	206,359	**297,633**	290,504
Goodwill, less cumulative impairment	**237,961**	236,484	**–**	–
Carrying amount of the investments	**473,843**	442,843	**297,633**	290,504
Revenue for the year	**926,044**	828,819	**57,577**	19,486
Profit for the year attributable to equity holders of the associate	**71,065**	62,286	**25,642**	63,564
Other comprehensive income/(loss) for the year attributable to equity holders of the associate	**9,121**	(15,304)	**5,945**	(9,976)
Total comprehensive income for the year attributable to equity holders of the associate	**80,186**	46,982	**31,587**	53,588
Dividend received for the year	**–**	–	**5,479**	5,580
Fair value of the Group's listed investments *(Note)*	**398,381**	373,948	**126,425**	128,240

Note: Based on the quoted market price as at 31 December 2022 and 2021 (Level 1 in the fair value hierarchy).

19. INTERESTS IN ASSOCIATES *(continued)*

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

	2022 HK$'000	2021 HK$'000
Share of the associates' profit/(loss) and total comprehensive income/(loss) for the year	**554**	(570)
Aggregate carrying amount of the Group's interests in the associates	**50,422**	51,585

20. INTERESTS IN JOINT VENTURES

	2022 HK$'000	2021 HK$'000
Share of net liabilities	**(900)**	(500)
Due from joint ventures	**211,295**	209,522
Provisions for impairment losses	**(133,495)**	(133,348)
	76,900	75,674

As at 31 December 2022, the amounts due from joint ventures included balances of HK$35,971,000 (2021 — HK$34,388,000), which are unsecured, bear interest at rates ranging from nil to 5% per annum (2021 — nil to 5% per annum) and are repayable when the resources of the joint venture permit. The remaining balances with the joint ventures are unsecured, interest-free and repayable on demand. In the opinion of the Directors, the balances with joint ventures are considered as part of the Group's net investments in the joint ventures. As at 31 December 2022, the loss allowance for impairment of amounts due from joint ventures amounted to HK$133,495,000 (2021 — HK$133,348,000), which represented lifetime ECLs made for credit-impaired balances. Loss allowance of HK$62,000 (2021 — HK$386,000) was provided for the year ended 31 December 2022 for credit-impaired receivables with a gross carrying amount of HK$62,000 (2021 — HK$386,000). Except for the credit-impaired balances, 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 180.

20. 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 and total comprehensive loss for the year	**(404)**	(415)
Aggregate carrying amount of the Group's interests in the joint ventures	**76,900**	75,674

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

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 HK$'000	2021 HK$'000
Financial assets at fair value through other comprehensive income:		
Equity securities	**72,639**	78,547

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

During the year ended 31 December 2021, the Group sold certain equity securities at fair value through other comprehensive income as these investments no longer coincided with the Group's investment strategy. The fair value on the date of sale was HK$447,000 and the net accumulated loss recognised in other comprehensive income of HK$807,000 was transferred from fair value reserve of financial assets at FVOCI to retained profits upon disposal. The Group also derecognised certain equity securities at fair value through other comprehensive income upon disposal of a subsidiary. The fair value on the date of derecognition was HK$3,887,000 and the net accumulated loss recognised in other comprehensive income of HK$19,000 was transferred from fair value reserve of financial assets at FVOCI to retained profits upon disposal. Details of the disposal of subsidiaries are set out in Note 32 to the financial statements.

22. 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	**235,193**	448,808
Debt securities	**40,901**	53,990
Investment funds	**508,531**	626,648
	784,625	1,129,446
Analysed for reporting purposes as:		
Current assets	**308,198**	474,019
Non-current assets	**476,427**	655,427
	784,625	1,129,446

As at 31 December 2022, certain financial assets at fair value through profit or loss have been pledged as security for the Group's other loan as set out in Note 26 to the financial statements (2021 — Nil).

23. DEBTORS, PREPAYMENTS AND OTHER ASSETS

Trade debtors mainly relate to the food businesses operation. Trading terms with customers are either on a cash basis or on credit. For those customers who trade on credit, a credit period is allowed according to relevant business practice. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by the senior management.

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

	2022 HK$'000	2021 HK$'000
Outstanding balances with ages:		
Within 30 days	**28,189**	23,880
Between 31 and 60 days	**19,105**	14,762
Between 61 and 90 days	**12,155**	9,820
Over 90 days	**582**	1,410
	60,031	49,872

As at 31 December 2022, the balances of debtors, prepayments and other assets were non-interest bearing.

As at 31 December 2021, the balances of debtors, prepayments and other assets included loans and advances of HK$17,425,000, which were unsecured, bore interest at a rate of 2.0% per annum and were repayable within one year. The remaining balances of debtors, prepayments and other assets were 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 movements in the loss allowance for impairment of trade debtors are as follows:

	2022 HK$'000	2021 HK$'000
Balance at beginning of year	**1,907**	2,492
Impairment losses recognised/(reversed)	**153**	(457)
Write-off	**(28)**	(93)
Exchange adjustments	**18**	(35)
Balance at end of year	**2,050**	1,907

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. For the year ended 31 December 2022, loss allowance of HK$153,000 (2021 — reversal of loss allowance of HK$457,000) was charged to the consolidated statement of profit or loss for receivables arising from contracts with customers under the food businesses.

23. DEBTORS, PREPAYMENTS AND OTHER ASSETS *(continued)*

Loss allowance for impairment of trade debtors *(continued)*

Set out below is the information about credit risk exposure on the Group's trade debtors using a provision matrix:

	2022 Expected credit loss rate	2022 Gross carrying amount HK$'000	2022 Expected credit losses HK$'000	2021 Expected credit loss rate	2021 Gross carrying amount HK$'000	2021 Expected credit losses HK$'000
Current	**0%**	**33,484**	**–**	0%	27,987	–
Past due:						
Within 30 days	**0%**	**24,548**	**–**	0%	19,918	–
Between 31 and 90 days	**39.4%**	**2,528**	**995**	57.1%	1,344	768
Between 91 and 120 days	**31.1%**	**676**	**210**	24.7%	1,848	457
Over 121 days	**100.0%**	**845**	**845**	100.0%	682	682
	3.3%	**62,081**	**2,050**	3.7%	51,779	1,907

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	**212,682**	211,496
Write-off	**(92)**	–
Exchange adjustments	**137**	1,186
Balance at end of year	**212,727**	212,682

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 loans and advances mainly arising from mineral exploration and extraction businesses. 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.

24. OTHER FINANCIAL ASSETS/LIABILITIES

	2022 Assets HK$'000	2022 Liabilities HK$'000	2021 Asset HK$'000	2021 Liabilities HK$'000
Current portion:				
Derivative financial instruments:				
Futures	**63**	**–**	–	–
Warrants	**588**	**–**	–	–
Interest rate swap *(Note)*	**–**	**–**	–	260
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**–**	**–**	–	9,564
	651	**–**	–	9,824
Non-current portion:				
Derivative financial instruments:				
Warrants	**–**	**–**	1,504	–
	651	**–**	1,504	9,824

Note: The notional amount of the outstanding interest rate swap as at 31 December 2021 was HK$57,795,000.

25. INVENTORIES

	2022 HK$'000	2021 HK$'000
Raw materials and stores	**14,980**	13,363
Finished goods and goods for sale	**10,216**	5,334
	25,196	18,697

26. BANK AND OTHER BORROWINGS

	2022 HK$'000	2021 HK$'000
Current portion:		
Secured bank loans *(Note (a))*	**539,273**	337,144
Secured other loan *(Note (b))*	**11,649**	–
	550,922	337,144
Non-current portion:		
Secured bank loans *(Note (a))*	**312,515**	651,448
	863,437	988,592
Bank and other borrowings by currency:		
Hong Kong dollar	**697,980**	798,533
Singapore dollar	**120,988**	161,959
Malaysian ringgit	**44,469**	28,100
	863,437	988,592
Bank loans repayable:		
Within one year	**539,273**	337,144
In the second year	**33,915**	617,794
In the third to fifth years, inclusive	**278,600**	33,654
	851,788	988,592
Other borrowings repayable:		
Within one year	**11,649**	–

The Group's bank loans bear interest at rates ranging from 2.5% to 7.3% per annum (2021 — 1.9% to 3.4% per annum).

Note:

(a) At the end of the reporting period, the bank loans were secured by:

(i) first legal mortgages over certain investment properties and land and buildings of the Group with carrying amounts of HK$332,750,000 (2021 — HK$344,350,000) and HK$764,127,000 (2021 — HK$787,311,000), respectively; and

(ii) fixed and floating charges over all the assets of certain subsidiaries of the Group.

(b) The Group's other loan represents a loan advanced from a third party which bears interest at a rate of 0.1% per annum (2021 — not applicable). The loan was secured by financial assets at fair value through profit or loss with a carrying amount of HK$34,992,000.

27. CREDITORS, ACCRUALS AND OTHER LIABILITIES

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

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

The balances of creditors are non-interest bearing and are generally settled on their normal trade terms.

28. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000	Provision and accruals HK$'000	Total HK$'000
2022					
At 1 January 2022	**9,658**	**25,304**	**(10,741)**	**(1,976)**	**22,245**
Deferred tax charged/(credited) to the statement of profit or loss during the year *(Note 12)*	**15,403**	**(2,750)**	**(17,312)**	**(704)**	**(5,363)**
Exchange adjustments	**461**	**(3,525)**	**(523)**	**94**	**(3,493)**
At 31 December 2022	**25,522**	**19,029**	**(28,576)**	**(2,586)**	**13,389**
2021					
At 1 January 2021	9,669	26,900	(11,013)	(1,765)	23,791
Deferred tax charged/(credited) to the statement of profit or loss during the year *(Note 12)*	92	(2,865)	114	(242)	(2,901)
Exchange adjustments	(103)	1,269	158	31	1,355
At 31 December 2021	9,658	25,304	(10,741)	(1,976)	22,245

The following is the analysis of the deferred tax balances of the Group for financial reporting purposes:

	2022 HK$'000	2021 HK$'000
Deferred tax assets	**(6,937)**	(4,225)
Deferred tax liabilities	**20,326**	26,470
Net deferred tax liabilities	**13,389**	22,245

28. DEFERRED TAX *(continued)*

The Group has tax losses of HK$2,037,869,000 (2021 — HK$1,822,970,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except for tax losses of HK$10,591,000 (2021 — HK$5,986,000) which will expire in one to five years (2021 — one to five years) and tax losses of HK$150,072,000 (2021 — HK$102,046,000) which will expire after five years. Deferred tax assets have not been recognised in respect of these tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group also has unrecognised deferred tax assets in respect of unabsorbed capital allowances of HK$4,342,000 (2021 — HK$2,499,000) available for offsetting future taxable income, subject to compliance with the relevant rules and procedures and agreement of the respective tax authorities. The Group did not recognise those deferred tax assets as it is not probable that taxable profits will be available against which the unabsorbed capital allowances can be utilised.

Pursuant to the People's Republic of China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2022, 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.

29. SHARE CAPITAL

	2022 HK$'000	2021 HK$'000
Issued and fully paid:		
9,186,912,716 (2021 — 9,186,912,716) ordinary shares	**1,705,907**	1,705,907

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

There was no movement in share capital during the years ended 31 December 2022 and 2021.

30. RESERVES

The amounts of the Group's reserves and movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 84 and 85.

Included in the retained profits of the Group as at 31 December 2021 was an amount of final dividend for the year ended 31 December 2021 of HK$41,341,000 proposed after the end of the reporting period.

31. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Auric Pacific Group Limited is considered a subsidiary that has material non-controlling interests. The percentage of ownership interest held by its non-controlling shareholders as at 31 December 2022 was 59.8% (2021 — 59.8%). 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	**(30,885)**	(13,450)
Accumulated balances of non-controlling interests at the end of the reporting period	**305,760**	332,677

The following tables illustrate the summarised consolidated financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2022 HK$'000	2021 HK$'000
Current assets	**229,058**	155,953
Non-current assets	**431,971**	581,973
Current liabilities	**(301,670)**	(229,082)
Non-current liabilities	**(85,373)**	(165,230)
Revenue	**267,626**	288,380
Total expenses	**(319,291)**	(310,856)
Loss for the year	**(51,665)**	(22,476)
Total comprehensive loss for the year	**(70,883)**	(15,327)
Net cash flows used in operating activities	**(43,763)**	(56,686)
Net cash flows from/(used in) investing activities	**105,228**	(21,003)
Net cash flows from/(used in) financing activities	**(22,753)**	2,170
Net increase/(decrease) in cash and cash equivalents	**38,712**	(75,519)

32. DISPOSAL OF SUBSIDIARIES

	2021 HK$'000
Net assets disposed of:	
Financial assets at fair value through other comprehensive income	3,887
Debtors, prepayments and other assets	104
Cash and cash equivalents	46
Creditors, accruals and other liabilities	(10,206)
	(6,169)
Release of cumulative exchange differences on translation of foreign operations	(3,944)
	(10,113)
Gain on disposal of subsidiaries	10,119
	6
Satisfied by:	
Cash	6

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries was as follows:

	2021 HK$'000
Cash consideration	6
Cash and cash equivalents disposed of	(46)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(40)

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit/(loss) before tax to cash generated from/(used in) operations

	Note	**2022 HK$'000**	2021 HK$'000
Profit/(Loss) before tax		**(320,005)**	37,910
Adjustments for:			
Share of results of associates		**(39,956)**	(50,230)
Share of results of joint ventures		**404**	415
Loss/(Gain) on disposal of:			
Subsidiaries	32	**–**	(10,119)
Fixed assets	7	**99**	(129)
Loss on deemed disposal of an associate	7	**45**	–
Gain on derecognition of an associate	7	**–**	(4,788)
Provisions/(Write-back of provisions) for impairment losses on:			
Fixed assets	7	**–**	(428)
Joint ventures	7	**62**	386
Inventories	7	**1,868**	2,608
Loans and receivables	7	**153**	(457)
Fixed assets written off	7	**57**	2,643
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	7	**(237)**	(65)
Net fair value loss/(gain) on financial instruments at fair value through profit or loss	8	**104,334**	(226,157)
Net fair value loss on investment properties		**22,149**	6,778
Finance costs	11	**39,993**	30,246
Interest income	8	**(6,559)**	(4,450)
Dividend income	5	**(10,351)**	(16,751)
COVID-19-related rent concessions from lessors	18	**(2,982)**	(5,506)
Depreciation of fixed assets	8	**67,779**	60,077
Depreciation of right-of-use assets	8	**56,429**	54,835
		(86,718)	(123,182)
Decrease/(Increase) in other financial assets		**(2,469)**	1,432
Increase in inventories		**(8,270)**	(5,693)
Decrease in debtors, prepayments and other assets		**8,231**	66,126
Decrease in financial instruments at fair value through profit or loss		**106,901**	135,763
Increase/(Decrease) in creditors, accruals and other liabilities		**(19,842)**	2,993
Decrease in other financial liabilities		**(9,564)**	(3,362)
Cash generated from/(used in) operations		**(11,731)**	74,077

(b) Major non-cash transactions

Save as disclosed elsewhere in the financial statements, the Group had the following major non-cash transactions:

(i) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$57,070,000 (2021 — HK$84,524,000) and HK$57,070,000 (2021 — HK$84,524,000), respectively, in respect of lease arrangements.

(ii) During the year, the Group exercised the conversion option of a convertible loan and received equity securities designated at fair value through other comprehensive income of HK$11,286,000 (2021 — Nil).

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Changes in liabilities arising from financing activities

	Bank and other borrowings HK$'000	Interest payable HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2022	**988,592**	**675**	**166,136**	**1,155,403**
Changes from financing cash flows:				
Drawdown of bank and other borrowings	**377,679**	**–**	**–**	**377,679**
Repayment of bank and other borrowings	**(503,118)**	**–**	**–**	**(503,118)**
Principal portion of lease payments	**–**	**–**	**(54,786)**	**(54,786)**
Finance costs paid	**(1,680)**	**(33,312)**	**(4,146)**	**(39,138)**
Total changes from financing cash flows	**(127,119)**	**(33,312)**	**(58,932)**	**(219,363)**
Addition to lease liabilities	**–**	**–**	**57,070**	**57,070**
Exchange adjustments	**(162)**	**–**	**(55)**	**(217)**
COVID-19-related rent concessions from lessors	**–**	**–**	**(2,982)**	**(2,982)**
Finance costs charged to the statement of profit or loss	**2,126**	**33,721**	**4,146**	**39,993**
At 31 December 2022	**863,437**	**1,084**	**165,383**	**1,029,904**
At 1 January 2021	1,174,210	6,340	135,011	1,315,561
Changes from financing cash flows:				
Drawdown of bank and other borrowings	195,000	–	–	195,000
Repayment of bank and other borrowings	(376,541)	–	–	(376,541)
Principal portion of lease payments	–	–	(53,067)	(53,067)
Finance costs paid	–	(29,453)	(4,670)	(34,123)
Total changes from financing cash flows	(181,541)	(29,453)	(57,737)	(268,731)
Addition to lease liabilities	–	–	84,524	84,524
Decrease in bank overdraft	(2,199)	–	–	(2,199)
Exchange adjustments	(3,678)	12	5,174	1,508
COVID-19-related rent concessions from lessors	–	–	(5,506)	(5,506)
Finance costs charged to the statement of profit or loss	1,800	23,776	4,670	30,246
At 31 December 2021	988,592	675	166,136	1,155,403

(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	**8,540**	15,496
Within financing activities	**58,932**	57,737
	67,472	73,233

34. CONTINGENT LIABILITIES

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

	2022 **HK$'000**	2021 HK$'000
Secured bankers' guarantee	**1,339**	687
Unsecured bankers' guarantee	**2,483**	2,977
	3,822	3,664

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

35. 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	**9,413**	20,272
Other commitments:		
Contracted, but not provided for *(Note)*	**111,420**	93,894
	120,833	114,166

Note: The balance included the Group's commitments for financial assets at fair value through profit or loss of HK$93,947,000 (2021 — HK$89,996,000).

36. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the year:

(a) During the year, LCR Management Limited ("LCR Management"), a wholly-owned subsidiary of the Company, received rental income (including service charges) of HK$410,000 (2021 — HK$446,000) from Lippo Limited ("Lippo"), an intermediate holding company of the Company, and HK$1,268,000 (2021 — HK$1,227,000) from Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company, respectively. The rentals were determined by reference to the then prevailing open market rentals. Such leases will expire on 31 July 2023. The Group expects the total future minimum lease receivables from Lippo and HKC for the year ending 31 December 2023 to be HK$194,000 and HK$596,000, respectively.

(b) During the year, the Group received interest income of HK$1,566,000 (2021 — HK$1,554,000) from a joint venture of the Group.

(c) During the year, the Group paid consultancy and service fees of HK$1,818,000 (2021 — HK$1,845,000) to an associate of the Group. The fee was charged pursuant to the terms of the agreement signed between the parties.

(d) On 3 January 2020, Delifrance Singapore Pte. Ltd. (formerly known as Maxx Coffee Singapore Pte. Ltd.) (the "Maxx Coffee Franchisee"), a non-wholly owned subsidiary of the Company, entered into a franchise agreement (the "Maxx Coffee Franchise Agreement") with PT Maxx Coffee Prima (the "Maxx Coffee Franchisor"), pursuant to which the Maxx Coffee Franchisor agreed to grant the Maxx Coffee Franchisee the exclusive right and licence in Singapore to carry on the business of establishing, developing and operating the Maxx Coffee shops (the "Business") for an initial term of ten years commencing from the date of the Maxx Coffee Franchise Agreement, with an option for the Maxx Coffee Franchisee to extend for another five years upon expiration of the initial term. Due to an internal group restructuring, on 30 December 2021, the Maxx Coffee Franchisee entered into a sub-franchise agreement (the "Maxx Coffee Sub-Franchise Agreement") with Maxx Coffee Singapore Pte. Ltd., a wholly-owned subsidiary of the Maxx Coffee Franchisee, in relation to the Business commencing from 1 January 2022. The terms of the Maxx Coffee Sub-Franchise Agreement are substantially the same as the terms of the Maxx Coffee Franchise Agreement and in particular, the royalty fees to be paid by the Maxx Coffee Sub-Franchisee under the Maxx Coffee Sub-Franchise Agreement will be same as those payable by the Maxx Coffee Franchisee to the Maxx Coffee Franchisor under the Maxx Coffee Franchise Agreement. During the year, the Group paid to the Maxx Coffee Franchisor a royalty fee and consideration for the purchase of supplies of HK$225,000 (2021 — HK$177,000) and HK$852,000 (2021 — HK$444,000), respectively. As at the date when the Maxx Coffee Franchise Agreement was entered into, the Maxx Coffee Franchisor was indirectly controlled by PT Inti Anugerah Pratama, of which Dr. Stephen Riady, an executive Director and the Chairman of the Board of Directors of the Company, and his brother, Mr. James Tjahaja Riady, were the ultimate beneficial owners.

36. RELATED PARTY TRANSACTIONS *(continued)*

(e) On 14 December 2020, Cuisine Continental Group (HK) Limited and Cuisine Continental (HK) Limited (the "Chatterbox Franchisees"), non-wholly owned subsidiaries of the Company, entered into franchise agreements (the "Chatterbox Franchise Agreements") with Chatexpress Pte. Ltd. (the "Chatterbox Franchisor"), a joint venture of HKC, pursuant to which the Chatterbox Franchisor agreed to grant to the Chatterbox Franchisees the exclusive right and licence to carry on the business of establishing and operating the restaurants known as "Chatterbox Café" and "Chatterbox Express" (together, the "Outlets"), and to conduct the business of operating casual dining restaurants and food delivery business at and from the Outlets and the channels (that is, sale and fulfilment of products via approved online food ordering and delivery platforms and any other mode of trading other than the Outlets as expressly designated by the Chatterbox Franchisor in accordance with the Chatterbox Franchise Agreements) within Hong Kong for an initial term of seven years commencing from 1 January 2021, with an option for the Chatterbox Franchisees to extend for another seven years upon expiration of the initial term. During the year, the Group paid to the Chatterbox Franchisor a royalty fee of HK$1,027,000 (2021 — HK$1,023,000).

(f) On 22 March 2021, Lippo Investments Management Limited (the "Service Provider"), a wholly-owned subsidiary of the Company, entered into a corporate support services agreement with OUE Investments Pte Ltd (the "Client"), a joint venture of HKC, pursuant to which the Service Provider shall provide to the Client support services for the purpose of the Client's treasury management activities for a term of three years commencing from 22 March 2021. During the year, the Group received service fee income of HK$1,124,000 (2021 — HK$1,562,000) from the Client.

(g) As at 31 December 2022, the Group had balances with its associates and joint ventures, further details of which are set out in Notes 19 and 20 to the financial statements.

(h) The key management personnel of the Group are its Directors. Details of the Directors' emoluments are disclosed in Note 9 to the financial statements.

The transactions referred to in items (d), (e) and (f) above were also continuing connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules. Further details of such transactions are disclosed in the section headed "Continuing Connected Transactions" in the Report of the Directors. The transactions referred to in item (a) above were continuing connected transactions exempt from the reporting, annual review and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The transactions referred to in items (b), (c), (g) and (h) above were not continuing connected transactions or connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules.

In respect of the above transactions, the relationships between the Company, HKC and Lippo, all are publicly listed companies in Hong Kong, of which the ultimate holding company is Lippo Capital Group Limited, are defined, and the Directors' interests therein are separately reported.

37. 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$'000	Derivative financial instruments HK$'000	Total HK$'000
At 31 December 2022					
Financial assets at fair value through other comprehensive income	**–**	**72,639**	**–**	**–**	**72,639**
Financial assets at fair value through profit or loss	**784,625**	**–**	**–**	**–**	**784,625**
Other financial assets	**–**	**–**	**–**	**651**	**651**
Amounts due from joint ventures	**–**	**–**	**77,800**	**–**	**77,800**
Financial assets included in debtors, prepayments and other assets	**–**	**–**	**91,687**	**–**	**91,687**
Cash and cash equivalents	**–**	**–**	**652,761**	**–**	**652,761**
	784,625	**72,639**	**822,248**	**651**	**1,680,163**
At 31 December 2021					
Financial assets at fair value through other comprehensive income	–	78,547	–	–	78,547
Financial assets at fair value through profit or loss	1,129,446	–	–	–	1,129,446
Other financial asset	–	–	–	1,504	1,504
Amounts due from joint ventures	–	–	76,174	–	76,174
Financial assets included in debtors, prepayments and other assets	–	–	101,237	–	101,237
Time deposits with original maturity of more than three months	–	–	76,425	–	76,425
Cash and cash equivalents	–	–	783,321	–	783,321
	1,129,446	78,547	1,037,157	1,504	2,246,654

37. 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 fair value through profit or loss designated as such upon initial recognition HK$'000	Financial liabilities at amortised cost HK$'000	Derivative financial instruments HK$'000	Total HK$'000
At 31 December 2022				
Bank and other borrowings	**–**	**863,437**	**–**	**863,437**
Financial liabilities included in creditors, accruals and other liabilities	**–**	**168,131**	**–**	**168,131**
	–	**1,031,568**	**–**	**1,031,568**
At 31 December 2021				
Bank and other borrowings	–	988,592	–	988,592
Financial liabilities included in creditors, accruals and other liabilities	–	177,291	–	177,291
Other financial liabilities	9,564	–	260	9,824
	9,564	1,165,883	260	1,175,707

38. 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
Financial assets				
Financial assets at fair value through other comprehensive income	**72,639**	78,547	**72,639**	78,547
Financial assets at fair value through profit or loss	**784,625**	1,129,446	**784,625**	1,129,446
Other financial assets	**651**	1,504	**651**	1,504
	857,915	1,209,497	**857,915**	1,209,497
Financial liabilities				
Other financial liabilities	**–**	9,824	**–**	9,824

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity of more than three months, financial assets included in debtors, prepayments and other assets, amounts due from associates and joint ventures, other loan and financial liabilities included in creditors, accruals and other liabilities approximate to their carrying amounts largely due to the short term maturity of these instruments. In addition, the fair values of interest-bearing bank loans approximate to their carrying amounts as they are floating rate instruments that are repriced to market interest rates at or near the end of the reporting period and the changes in fair value as a result of the Group's non-performance risk were considered to be minimal.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of significant financial instruments. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines major inputs applied in the valuation.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

The fair values of listed equity securities, debt securities, investment funds and futures are based on quoted market prices.

The fair values of unlisted debt securities are determined by reference to the quoted market prices from the broker using a valuation technique with market observable inputs or calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

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

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

The fair values of unlisted investment funds are assessed to approximate the net asset values indicated on the net asset value statements issued by the investment fund managers, which take into consideration the fair values of the underlying assets held under the investments. For unlisted investment funds classified under Level 3 of the fair value measurement hierarchy, when the net asset value increases/decreases by 3% (2021 — 3%), the fair value will be increased/decreased by HK$14,705,000 (2021 — HK$18,599,000).

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The fair values of unlisted equity securities are estimated based on either the market approach or the income approach. The market approach is based on the price multiple determined with reference to comparable public companies and includes appropriate risk adjustments for lack of marketability. The income approach uses the discounted cash flow model which requires management to make assumptions about model inputs, including forecast cash flows, the discount rate and volatility based on observable or unobservable market data.

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

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted equity securities	Market approach	Price to sales multiple ("PS multiple")	1.3 to 3.4 (2021 — 3.7)	When PS multiple increases/decreases by 0.1 (2021 — 0.1), the fair value will be increased/decreased by HK$1,297,000 and HK$1,297,000 (2021 — HK$913,000 and HK$913,000), respectively.
	Income approach	Discount rate	18.4% to 36.1% (2021 — 18.4% to 29.5%)	When discount rate increases/decreases by 3% (2021 — 3%), the fair value will be decreased/increased by HK$3,271,000 and HK$4,410,000 (2021 — HK$3,917,000 and HK$5,362,000), respectively.
		Discount for lack of marketability ("DLOM")	15.7% to 20.5% (2021 — 15.8% to 20.6%)	When DLOM increases/decreases, the fair value will be decreased/increased. Fair value changes resulting from reasonably possible changes in DLOM were not significant (2021 — not significant).
Unlisted debt securities	Income approach	Discount rate	5.7% (2021 — 5.3%)	When discount rate increases/decreases, the fair value will be decreased/increased. Fair value changes resulting from reasonably possible changes in discount rate were not significant (2021 — not significant).

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31 December 2022				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income:				
Equity securities	**647**	**–**	**71,992**	**72,639**
Financial assets at fair value through profit or loss:				
Equity securities	**235,193**	**–**	**–**	**235,193**
Debt securities	**18,134**	**19,507**	**3,260**	**40,901**
Investment funds	**18,376**	**–**	**490,155**	**508,531**
Other financial assets:				
Futures	**63**	**–**	**–**	**63**
Warrants	**–**	**588**	**–**	**588**
	272,413	**20,095**	**565,407**	**857,915**
At 31 December 2021				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income:				
Equity securities	–	–	78,547	78,547
Financial assets at fair value through profit or loss:				
Equity securities	448,808	–	–	448,808
Debt securities	18,516	32,036	3,438	53,990
Investment funds	6,695	–	619,953	626,648
Other financial asset:				
Warrants	–	1,504	–	1,504
	474,019	33,540	701,938	1,209,497
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	9,564	–	9,564
Interest rate swap	–	260	–	260
	–	9,824	–	9,824

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

The movements in fair value measurements in Level 3 during the year are as follows:

	Equity securities at fair value through other comprehensive income HK$'000	Debt securities at fair value through profit or loss HK$'000	Investment funds at fair value through profit or loss HK$'000
At 1 January 2022	**78,547**	**3,438**	**619,953**
Total losses recognised in the statement of profit or loss	**–**	**(199)**	**(8,124)**
Total losses recognised in other comprehensive income	**(26,548)**	**–**	**–**
Additions	**19,955**	**–**	**35,738**
Disposals	**–**	**–**	**(125,103)**
Distributions	**–**	**–**	**(33,567)**
Exchange adjustments	**38**	**21**	**1,258**
At 31 December 2022	**71,992**	**3,260**	**490,155**
At 1 January 2021	102,356	–	447,328
Total gains recognised in the statement of profit or loss	–	260	164,032
Total losses recognised in other comprehensive income	(52,174)	–	–
Additions	18,557	289	40,521
Disposals	(3,969)	–	(2,759)
Distributions	–	–	(28,766)
Transfer from Level 2 *(Note)*	–	2,932	–
Reclassification from interest in an associate	13,852	–	–
Exchange adjustments	(75)	(43)	(403)
At 31 December 2021	78,547	3,438	619,953

Note: During the year ended 31 December 2021, the Group transferred an unlisted debt security from Level 2 into Level 3 as the significant input required for the fair value measurement was no longer observable. There were no transfers into or out of Level 3 during the year ended 31 December 2022.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 (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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has established policies and procedures for risk management which are reviewed regularly by the Executive Directors and senior management of the Group to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The risk management function is carried out by individual business units and regularly overseen by the Group's senior management with all the risk limits approved by the Executive Directors of the Group, which are summarised below. The Group's accounting policies in relation to derivatives are set out in Note 2.4 to the financial statements.

(a) Credit risk

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from treasury, investment, food businesses and other activities undertaken by the Group.

The Group trades only with recognised and creditworthy parties. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control for trade 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.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
As at 31 December 2022					
Amounts due from joint ventures*	77,800	–	133,495	–	211,295
Financial assets included in debtors, prepayments and other assets					
Trade debtors**	–	–	–	62,081	62,081
Others*	31,656	–	212,727	–	244,383
Cash and cash equivalents***	652,761	–	–	–	652,761
	762,217	–	346,222	62,081	1,170,520

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk *(continued)*

Maximum exposure and year-end staging (continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
As at 31 December 2021					
Amounts due from associates*	–	–	30,527	–	30,527
Amounts due from joint ventures*	76,174	–	133,348	–	209,522
Financial assets included in debtors, prepayments and other assets					
Trade debtors**	–	–	–	51,779	51,779
Others*	51,365	–	212,682	–	264,047
Time deposits with original maturity of more than three months***	76,425	–	–	–	76,425
Cash and cash equivalents***	783,321	–	–	–	783,321
	987,285	–	376,557	51,779	1,415,621

* Further details in respect of the Group's loss allowance for impairment of amounts due from associates, amounts due from joint ventures and other financial assets included in debtors, prepayments and other assets are disclosed in Notes 19, 20 and 23 to the financial statements, respectively.

** For trade debtors to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 23 to the financial statements.

*** The bank balances are deposited with creditworthy financial institutions with no recent history of default. The Group considers these balances to have low credit risk and the amount of the loss allowance for impairment was negligible.

Concentration of credit risk

The Group's exposure to credit risk arising from trade debtors at the end of the reporting period based on the information provided to key management is as follows:

	2022 HK$'000	2021 HK$'000
By geographical area:		
Hong Kong	**1,358**	1,118
Mainland China	**115**	156
Republic of Singapore	**58,220**	48,508
Others	**338**	90
	60,031	49,872

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations meet the statutory requirement for the minimum liquidity ratio whenever applicable.

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources. As at 31 December 2022, approximately 64% (2021 — 34%) of the Group's debts would mature in less than one year based on the carrying values of bank and other borrowings.

The maturity profile of liabilities of the Group as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	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	Over 5 years HK$'000	Total HK$'000
At 31 December 2022						
Bank and other borrowings	**–**	**37,406**	**549,274**	**339,706**	**–**	**926,386**
Lease liabilities	**–**	**15,941**	**45,411**	**99,928**	**13,995**	**175,275**
Financial liabilities included in creditors, accruals and other liabilities	**–**	**85,826**	**82,305**	**–**	**–**	**168,131**
Bankers' guarantee	**–**	**–**	**1,339**	**2,483**	**–**	**3,822**
	–	**139,173**	**678,329**	**442,117**	**13,995**	**1,273,614**
At 31 December 2021						
Bank and other borrowings	–	14,264	342,914	659,724	–	1,016,902
Lease liabilities	–	15,251	43,336	98,919	18,355	175,861
Financial liabilities included in creditors, accruals and other liabilities	–	85,227	92,064	–	–	177,291
Other financial liabilities	9,564	260	–	–	–	9,824
Bankers' guarantee	–	–	291	3,373	–	3,664
	9,564	115,002	478,605	762,016	18,355	1,383,542

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets and liabilities. The Group's interest rate positions mainly arise from treasury and other investment activities undertaken.

The Group monitors its interest-sensitive products and investments and net repricing gap and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. When appropriate, interest rate swaps would be used to manage this risk in a cost-effective manner. The interest rate risk is managed and monitored regularly by the senior management of the Group.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate monetary assets and liabilities).

	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**	**(3,008)**	+50	(3,258)
United States dollar	**+50**	**981**	+50	1,400
Singapore dollar	**+50**	**(3)**	+50	(230)
Renminbi	**+50**	**130**	+50	150
Hong Kong dollar	**–50**	**3,008**	–50	3,258
United States dollar	**–50**	**(981)**	–50	(1,400)
Singapore dollar	**–50**	**5**	–50	234
Renminbi	**–50**	**(130)**	–50	(150)

(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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) Foreign currency risk *(continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollars and Singapore dollars exchange rates, with all other variables held constant, of the Group's profit/(loss) before tax (arising from United States dollars and Singapore dollars denominated financial instruments).

	Increase/(Decrease) in profit before tax	
	2022	2021
	HK$'000	HK$'000
United States dollar against Hong Kong dollar		
— strengthened by 3% (2021 — 3%)	**3,940**	1,844
— weakened by 3% (2021 — 3%)	**(3,940)**	(1,844)
Singapore dollar against Hong Kong dollar		
— strengthened by 3% (2021 — 3%)	**(1,299)**	(3,202)
— weakened by 3% (2021 — 3%)	**1,299**	3,202

At the end of the reporting period, the total cash and bank balances of the Group's subsidiaries in mainland China denominated in Renminbi amounted to HK$145,039,000 (2021 — HK$169,217,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in mainland China.

(e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets included in financial assets at fair value through other comprehensive income (Note 21) and financial assets at fair value through profit or loss (Note 22) as at 31 December 2022. The Group's listed financial assets are mainly listed on stock exchanges in Hong Kong, the Republic of Singapore and New York and are valued at quoted market prices at the end of the reporting period.

The market equity indices (rounded down) for the following stock exchanges, at the close of business of the nearest trading day to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 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
New York — NYSE Composite Index	**15,184**	**17,442/13,278**	17,164	17,364/14,258

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Equity price risk (continued)

The senior management of the Group regularly reviews and monitors the mix of securities in the Group's investment portfolio based on the fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

The following table demonstrates the sensitivity to every 3% change in the fair values of the equity investments and investment funds, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the investments at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve of financial assets at FVOCI.

	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								
Hong Kong	–	569	–	(569)	–	468	–	(468)
Republic of Singapore	–	1,179	–	(1,179)	–	1,213	–	(1,213)
Global and others	–	431	–	(431)	–	675	–	(675)
	–	2,179	–	(2,179)	–	2,356	–	(2,356)
Financial assets at fair value through profit or loss								
Hong Kong	1,463	–	(1,463)	–	2,609	–	(2,609)	–
Republic of Singapore	2,730	–	(2,730)	–	4,131	–	(4,131)	–
United States of America	2,797	–	(2,797)	–	5,873	–	(5,873)	–
Global and others	15,322	–	(15,322)	–	20,206	–	(20,206)	–
	22,312	–	(22,312)	–	32,819	–	(32,819)	–

* Excluding retained profits

39. 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.

A subsidiary of the Company is regulated by the Securities and Futures Commission (the "SFC") and is required to comply with certain minimum capital requirements according to the rules of the SFC. Management monitors, on a daily basis, the subsidiary's liquid capital to ensure it meets the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rule.

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, net of non-controlling interests, by equity attributable to equity holders of the Company. Total borrowings include current and non-current bank and other borrowings.

	2022 **HK$'000**	2021 HK$'000
Bank and other borrowings *(Note 26)*	**863,437**	988,592
Less: Non-controlling interests in bank and other borrowings	**(98,910)**	(113,617)
Bank and other borrowings, net of non-controlling interests	**764,527**	874,975
Equity attributable to equity holders of the Company	**2,673,217**	3,078,340
Gearing ratio	**28.6%**	28.4%

40. 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
Non-current assets		
Fixed assets	**546**	439
Interests in subsidiaries	**2,368,081**	2,606,711
Interest in a joint venture	**36,028**	–
Financial assets at fair value through profit or loss	**17,950**	18,920
	2,422,605	2,626,070
Current assets		
Debtors, prepayments and other assets	**762**	807
Financial assets at fair value through profit or loss	**–**	37,976
Cash and cash equivalents	**128,688**	98,254
	129,450	137,037
Current liabilities		
Bank and other borrowings	**419,380**	255,583
Creditors, accruals and other liabilities	**30,149**	52,672
Tax payable	**297**	297
	449,826	308,552
Net current liabilities	**(320,376)**	(171,515)
Total assets less current liabilities	**2,102,229**	2,454,555
Non-current liabilities		
Bank and other borrowings	**278,600**	542,950
Net assets	**1,823,629**	1,911,605
Equity		
Share capital	**1,704,032**	1,704,032
Reserves *(Note)*	**119,597**	207,573
	1,823,629	1,911,605

John Luen Wai Lee
Director

Stephen Riady
Director

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
2022			
At 1 January 2022	**705**	**206,868**	**207,573**
Loss and total comprehensive loss for the year	**–**	**(14,481)**	**(14,481)**
2021 final dividend declared and paid to shareholders of the Company	**–**	**(41,341)**	**(41,341)**
2022 interim dividend declared and paid to shareholders of the Company	**–**	**(32,154)**	**(32,154)**
At 31 December 2022	**705**	**118,892**	**119,597**
2021			
At 1 January 2021	705	222,957	223,662
Profit and total comprehensive income for the year	–	16,065	16,065
2020 final dividend declared and paid to shareholders of the Company	–	(32,154)	(32,154)
At 31 December 2021	705	206,868	207,573

Included in the retained profits of the Company as at 31 December 2021 was an amount of final dividend for the year ended 31 December 2021 of HK$41,341,000 proposed after the end of the reporting period.

41. 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)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Golden Sunshine Worldwide Limited	British Virgin Islands	US$1	100	100	Investment holding
Grand Vista Limited	British Virgin Islands	US$1	100	100	Investment holding
Kingz Ltd (now known as Kingz Holdings Limited)	British Virgin Islands	US$1	100	100	Investment holding
Lippo Finance Holdings Limited	British Virgin Islands	US$50,000	100	100	Investment holding
Rickon Holdings Limited	British Virgin Islands	US$1	100	100	Investment holding
Admiralty Development Limited	Hong Kong	HK$446,767,129	–	100	Property investment
Asia Now Resources Limited	British Virgin Islands	US$1	–	100	Investment holding
Cajan Enterprises Limited	British Virgin Islands	US$1	–	100	Investment holding
Castar Assets Limited	British Virgin Islands	US$1	–	100	Property investment
Chalton Assets Limited	British Virgin Islands	US$1	–	100	Property investment
China Chance Investments Limited	Hong Kong	HK$10	–	100	Investment holding
China Gold Pte. Ltd.	Republic of Singapore	S$1	–	100	Investment holding
China Pacific Electric Limited	British Virgin Islands	US$100	–	100	Investment holding
Continental Equity Inc.	British Virgin Islands	US$1	–	100	Investment
DXS Capital (U.S.) Limited	United States of America	US$1.221	–	100	Investment holding
Direct Union Limited	British Virgin Islands	US$1	–	100	Investment
Dragon Board Holdings Limited	British Virgin Islands	S$1	–	100	Investment holding
Dukestown Sp. z o.o.	Poland	PLN600,000	–	100	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Energetic Holdings Limited	British Virgin Islands	US$1	–	100	Property investment
Ethnos Ltd.	Israel	NIS100	–	100	Property investment
Fortune Finance Investment Limited	British Virgin Islands	US$1	–	100	Investment
Fortune Star Asia Limited	Hong Kong	HK$1	–	100	Investment
福建莆田忠信物業管理有限公司 (Fujian Putian Zhong Xin Property Management Limited) — wholly foreign-owned re-invested enterprise##	People's Republic of China	RMB810,000*	–	100	Property management
福州力寶商業顧問有限公司 (Fuzhou Lippo Commercial Consultants Limited) — wholly foreign-owned enterprise##	People's Republic of China	HK$100,000*	–	100	Real estate leasing and agency services, and consultancy services
Gentle Care Pte. Ltd.	Republic of Singapore	S$1	–	100	Investment holding
Golden Super Holdings Limited	British Virgin Islands	US$1	–	100	Investment
Goldmax Pacific Limited	British Virgin Islands	US$1	–	100	Investment holding
Grandbeam Limited	Hong Kong	HK$1	–	100	Investment holding
Hongkong China Treasury Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Securities investment
Innovation Lab Technology Pte. Ltd.	Republic of Singapore	S$1	–	100	Software product development
Istan Assets Limited	British Virgin Islands	US$1	–	100	Property investment
JB Property Holdings Pte. Ltd.	Republic of Singapore	S$1	–	100	Property investment
Kaiser Union Limited	British Virgin Islands	US$1	–	100	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Keytime Holdings Limited	British Virgin Islands	US$1	–	100	Property investment
LCR Management Limited	Hong Kong	HK$1	–	100	Management services
Laurel Century Limited	British Virgin Islands	US$1	–	100	Investment holding
Liberty Town Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Lippo Consortium Pte. Limited	Republic of Singapore	S$2	–	100	Property development
Lippo Group International Pte. Limited	Republic of Singapore	S$2	–	100	Investment holding
Lippo Investments Management Limited	Hong Kong	HK$87,700,000	–	100	Fund Management and investment management services
Lippo Property Management Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Mantor Assets Limited	British Virgin Islands	US$1	–	100	Property investment
Mastafield Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Oriental Coronet Limited	British Virgin Islands	US$1	–	100	Investment
PacNet Capital (U.S.) Limited	United States of America	US$1.603	–	100	Investment holding
Pantogon Holdings Pte Ltd	Republic of Singapore	S$1,000,000	–	100	Investment holding
莆田力寶商業顧問有限公司 (Putian Lippo Commercial Consultants Limited) — wholly foreign-owned enterprise##	People's Republic of China	RMB2,000,000*	–	100	Commercial consulting

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
莆田塔林基礎建設有限公司 (Putian Talin Infrastructure Co., Ltd.) — wholly foreign-owned enterprise##	People's Republic of China	US$300,000*	–	100	Property services
Powerful Arch Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment
Radical Profits Limited	British Virgin Islands	US$1	–	100	Property investment
Reiley Inc.	British Virgin Islands	US$1	–	100	Investment holding
Rock Phoenix Limited	British Virgin Islands	US$1	–	100	Property investment
Season Spark Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment
Serene Yield Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Star Heaven Limited	British Virgin Islands	US$1	–	100	Investment holding
Star Trendy Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property holding
Starford Corporation Limited	Hong Kong	HK$1	–	100	Investment
Tamsett Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding
Trefar Enterprises Limited	British Virgin Islands	US$1	–	100	Property investment
Waterloo Street Limited	British Virgin Islands	US$1	–	100	Financing
West Tower Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Win Joyce Limited	Hong Kong	HK$2	–	100	Investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Winplace Global Limited	British Virgin Islands	US$1	–	100	Investment holding
Wollora Assets Limited	British Virgin Islands	US$1	–	100	Property investment
World Grand Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment
Writring Investments Limited	Hong Kong	HK$2	–	100	Property investment
Jeremiah Holdings Limited	British Virgin Islands	S$1,298,645	–	60	Investment holding
Nine Heritage Pte Ltd	Republic of Singapore	S$1,000,000	–	48	Investment holding
Auric Pacific Group Limited	Republic of Singapore	S$60,251,954	–	40.23	Investment holding
Auric Pacific Food Industries Pte Ltd	Republic of Singapore	S$34,400,000	–	40.23	Wholesale of confectionery and bakery products
Sunshine Bread Sdn. Bhd.	Malaysia	RM25,000,002	–	40.23	Manufacture of bread, cakes and other bakery products
Superfood Retail Limited	British Virgin Islands	US$2,048,260	–	40.23	Investment holding
Cuisine Continental Group (HK) Limited	Hong Kong	HK$12,000,000	–	40.23	Selling of food and beverages, the operation of cafés and kiosk and the provision of catering services
Cuisine Continental (HK) Limited	Hong Kong	HK$3,000,000	–	40.23	Selling of food and beverages, the operation of restaurants and the wholesale business

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Cuisine Creations Pte. Ltd.	Republic of Singapore	S$2	–	40.23	Management and holding company and the development and sale of its subsidiary's franchising activities
Delifrance Singapore Pte. Ltd.	Republic of Singapore	S$4,000,002	–	40.23	Manufacture and sale of bakery and pastry products and the operation of café-bakeries and bakery corners
Maxx Coffee Singapore Pte. Ltd.	Republic of Singapore	S$300,000	–	40.23	Selling of food and beverages and the operation of cafés and kiosk
LCR Catering Services Limited	Hong Kong	HK$9,000,000	–	36.21	Owns and operates a restaurant in Hong Kong

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*
\#\# *type of legal entity*
* *paid up registered capital*

Note:

NIS – New Israeli shekels
PLN – Poland zlotys
RM – Malaysian ringgits
RMB – People's Republic of China renminbi
S$ – Singapore dollars
US$ – United States dollars

As at 31 December 2022, all the subsidiaries of the Company had no loan capital or convertible loan capital.

The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Associates

PARTICULARS OF PRINCIPAL ASSOCIATES AS AT 31 DECEMBER 2022 ARE SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Group#	Principal activities
Lippo-Savills Property Management Limited	Corporate	Hong Kong	HK$2	50	Property management services
Healthway Medical Corporation Limited	Corporate	Republic of Singapore	S$277,630,000	40.76	Healthcare services
莆田華正自來水有限公司 (Putian Hua Zheng Water Co., Ltd.)	Equity joint venture enterprise	People's Republic of China	RMB9,250,000*	40	Water supply
TIH Limited	Corporate	Republic of Singapore	S$56,650,000	39.92	Private equity investment
Moolahgo Pte. Ltd.	Corporate	Republic of Singapore	*Note (b)*	*Note (b)*	Digital financial services

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

* *paid up registered capital*

Note:

(a) *RMB – People's Republic of China renminbi*
S$ – Singapore dollars
US$ – United States dollars

(b) *Its issued share capital comprised of (i) S$179,840 ordinary share capital; (ii) S$216,922 non-voting preference share capital; and (iii) US$3,349,510.70 non-voting preference share capital. The Group was interested in approximately 86.81% of its non-voting preference share capital.*

The above table includes the associates of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all associates would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Joint Ventures

PARTICULARS OF PRINCIPAL JOINT VENTURES AS AT 31 DECEMBER 2022 ARE SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Group (unless otherwise stated)#	Principal activities
Tanglin Residential Pte. Ltd.	Corporate	Republic of Singapore	S$2	50	Property investment and property development
Vasily Asia Limited	Corporate	British Virgin Islands	US$100	50	Investment
Collyer Quay Limited	Corporate	Cayman Islands	*Note (b)*	*Note (b)*	Investment holding

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

Note:

(a) S$ – Singapore dollars
US$ – United States dollars

(b) Its issued share capital comprised of 100 management shares of US$1.00 each and 100 participating shares of US$0.01 each, of which the Group was interested in 50 management shares and 60 participating shares which entitled the Group to 50% of the voting rights and 60% of the dividend and distribution of this company.

Particulars of Joint Operation

PARTICULARS OF JOINT OPERATION AS AT 31 DECEMBER 2022 ARE SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operation	Registered capital	Approximate percentage of interest attributable to the Group#	Principal activity
雲南東鑫礦產勘查有限公司 (Yunnan Dong Xin Mineral Exploration Company Limited)	Chinese-foreign cooperative joint-venture enterprise	People's Republic of China	US$14,900,000*	72	Exploration of mineral resources

\# *represents the effective interest of the Group after non-controlling interests therein*
* *of which approximately US$14,710,000 has been injected*

Note:

US$ – United States dollars

Schedule of Major Properties

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2022

Description	Use	Approximate gross floor area	Status	Percentage of the Group's interest
		(square metres)		
Hong Kong				
Lippo Centre 89 Queensway Central Inland Lot No. 8615	Commercial	1,384 (net floor area)	Rental	100
The above property is held under long term lease.				
People's Republic of China				
19th Floor to 29th Floor and 13 car parking spaces of Lippo Tianma Plaza 1 Wuyibei Road Fuzhou, Fujian	Commercial	11,955	Rental	100
The above properties are held under medium term leases.				
Overseas				
353 Pasir Panjang Road #05-02, #05-03 and #05-05 Jubilee Residence Singapore 118695	Residential	711	Rental	100
10 Harav Agan Street Jerusalem Block 30050 Parcel 101 Israel	Commercial	940	Rental	100
The above properties are freehold.				

(2) PROPERTIES HELD AS FIXED ASSETS AS AT 31 DECEMBER 2022

Description	Use	Approximate gross floor area	Approximate percentage of the Group's interest
		(square metres)	
Hong Kong			
Lippo Centre 89 Queensway Central Inland Lot No. 8615	Commercial	2,491 (net floor area)	100
2nd Floor of Sun Court 3 Belcher's Street Kennedy Town Subsection 1 of Section C of Marine Lot No. 262, the remaining portion of Section C of Marine Lot No. 262 and the remaining portion of Marine Lot No. 262	Commercial	743	100
3 units and 3 car parking spaces of Celestial Garden 5 Repulse Bay Road Rural Building Lot No. 979	Residential	660	100
The above properties are held under long term leases.			
Overseas			
No. 2 and 3, Jalan Teknologi 6 Kawasan Perindustrian Taman Teknologi 2 71760 Bandar Enstek Negeri Sembilan Darul Khusus Malaysia	Industrial	31,910	40.23
The above property is freehold.			

Summary of Financial Information

	Year ended 31 December 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	**(277,890)**	48,665	(11,630)	(361,035)	(78,233)
Total assets	**4,392,037**	5,004,747	5,249,193	4,952,979	6,883,253
Total liabilities	**(1,369,002)**	(1,542,782)	(1,767,050)	(1,428,669)	(1,912,274)
Net assets	**3,023,035**	3,461,965	3,482,143	3,524,310	4,970,979
Non-controlling interests	**(349,818)**	(383,625)	(358,585)	(359,809)	(1,062,679)
Equity attributable to equity holders of the Company	**2,673,217**	3,078,340	3,123,558	3,164,501	3,908,300

Lippo China Resources Limited
力寶華潤有限公司

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