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LIPPO CHINA RESOURCES LIMITED

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board of Directors of Lippo China Resources Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Note	Unaudited	
		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
Revenue	3	374,147	350,352
Cost of sales		(142,651)	(153,715)
Gross profit		231,496	196,637
Administrative expenses	5	(210,572)	(185,994)
Other operating expenses	5	(94,949)	(71,774)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	5	(51,745)	29,066
Net fair value gain/(loss) on investment properties		(6,000)	100
Other losses — net	4	(1,441)	(6,634)
Finance costs		(25,616)	(24,788)
Share of results of associates		10,415	(13,453)
Share of results of joint ventures		(381)	(386)
Loss before tax	5	(148,793)	(77,226)
Income tax	6	(2,129)	(1,746)
Loss for the period		(150,922)	(78,972)
Attributable to:			
Equity holders of the Company		(137,289)	(59,146)
Non-controlling interests		(13,633)	(19,826)
		(150,922)	(78,972)
		HK\$	HK\$
Loss per share attributable to equity holders of the Company	7		
Basic and diluted		(0.15)	(0.06)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Loss for the period	(150,922)	(78,972)
Other comprehensive loss		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(14,788)	(24,104)
Share of other comprehensive loss of associates	(20,592)	(3,713)
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	(35,380)	(27,817)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax:		
Changes in fair value of equity instruments at fair value through other comprehensive income	(1,298)	(18,325)
Other comprehensive loss for the period, net of tax	(36,678)	(46,142)
Total comprehensive loss for the period	(187,600)	(125,114)
Attributable to:		
Equity holders of the Company	(163,652)	(88,682)
Non-controlling interests	(23,948)	(36,432)
	(187,600)	(125,114)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current assets			
Intangible assets		21,034	21,034
Fixed assets		933,461	960,537
Investment properties		607,251	617,149
Right-of-use assets		149,517	161,109
Interests in associates		804,017	819,597
Interests in joint ventures	9	77,905	78,574
Financial assets at fair value through other comprehensive income		47,860	49,300
Financial assets at fair value through profit or loss		423,366	445,303
Debtors, prepayments and other assets	10	20,483	27,351
Deferred tax assets		5,578	5,233
		<u>3,090,472</u>	<u>3,185,187</u>
Current assets			
Inventories		24,329	23,962
Debtors, prepayments and other assets	10	199,195	161,495
Financial assets at fair value through profit or loss		195,085	303,967
Other financial asset		232	-
Tax recoverable		117	115
Cash and cash equivalents		291,831	301,604
		<u>710,789</u>	<u>791,143</u>
Current liabilities			
Bank loans		491,103	141,834
Lease liabilities		56,561	46,837
Creditors, accruals and other liabilities	11	169,408	193,345
Other financial liability		-	569
Tax payable		117,116	116,794
		<u>834,188</u>	<u>499,379</u>
Net current assets/(liabilities)		<u>(123,399)</u>	<u>291,764</u>
Total assets less current liabilities		<u>2,967,073</u>	<u>3,476,951</u>

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Non-current liabilities			
Bank loans		199,123	502,998
Lease liabilities		104,161	125,983
Creditors, accruals and other liabilities	11	11,229	8,542
Deferred tax liabilities		14,698	14,905
		<hr/> 329,211	<hr/> 652,428
Net assets		<hr/> 2,637,862	<hr/> 2,824,523
Equity			
Equity attributable to equity holders of the Company			
Share capital		1,705,907	1,705,907
Reserves		627,141	789,854
		<hr/> 2,333,048	<hr/> 2,495,761
Non-controlling interests		304,814	328,762
Total equity		<hr/> 2,637,862	<hr/> 2,824,523

Note:

1. BASIS OF PREPARATION

The interim results are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023. The interim results have been reviewed by the audit committee of the Company.

The financial information relating to the year ended 31 December 2023 that is included in the interim results as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

The accounting policies adopted in the preparation of the interim results are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations for the first time for the current period’s interim results:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the above revised HKFRSs has had no significant financial effect on the interim results. The Group has not applied any new or revised HKFRSs, HKASs and Interpretations that are not yet effective for the current financial period.

As at 30 June 2024, the current liabilities of the Group exceeded its current assets by HK\$123,399,000. After considering the available funds from operations and investing activities to the Group and the unutilised credit facilities, management considers the Group is able to meet its liabilities as and when they fall due within the next 12-month period. Accordingly, these unaudited condensed consolidated interim results have been prepared on a going concern basis.

2. 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;
- (f) the property management segment includes the provision of property management services; and
- (g) the “other” segment comprises principally development and sale of properties, mineral exploration and extraction and investment in a closed-end fund.

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

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

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

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

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

Six months ended 30 June 2024

	Property investment	Treasury investment	Securities investment	Food businesses	Healthcare services	Property management	Other	Inter- segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue									
External	8,477	2,257	7,583	347,617	-	6,283	1,930	-	374,147
Inter-segment	2,184	-	-	-	-	294	-	(2,478)	-
Total	10,661	2,257	7,583	347,617	-	6,577	1,930	(2,478)	374,147
Segment results	(6,478)	2,257	(45,657)	(19,589)	-	5,203	1,865	106	(62,293)
Unallocated corporate expenses									(75,344)
Finance costs									(21,190)
Share of results of associates	-	-	-	-	(2,718)	-	13,133	-	10,415
Share of results of joint ventures	-	-	-	(390)	-	-	9	-	(381)
Loss before tax									(148,793)
Other segment information:									
Capital expenditure (<i>Note</i>)	68	-	-	13,809	-	4	221	-	14,102
Depreciation	(8,327)	-	-	(57,514)	-	(4)	(19)	1,997	(63,867)
Interest income	-	2,257	748	937	-	-	1,367	-	5,309
Finance costs	-	-	-	(4,719)	-	-	-	293	(4,426)
Gain/(Loss) on disposal of:									
Subsidiaries	-	-	-	-	-	-	957	-	957
Fixed assets	-	-	-	(145)	-	-	-	-	(145)
Provisions for impairment losses on:									
Inventories	-	-	-	(540)	-	-	-	-	(540)
Loans and receivables	-	-	-	(1,103)	-	-	-	-	(1,103)
Net fair value loss on financial instruments at fair value through profit or loss	-	-	(51,745)	-	-	-	-	-	(51,745)
Fair value loss on investment properties	(6,000)	-	-	-	-	-	-	-	(6,000)
Unallocated:									
Capital expenditure (<i>Note</i>)									1,453
Depreciation									(2,328)
Finance costs									(21,190)
Loss on disposal of fixed assets									(3)

Six months ended 30 June 2023

	Property investment HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Property management HK\$'000	Other HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue									
External	9,904	2,027	2,279	328,848	-	6,243	1,051	-	350,352
Inter-segment	1,928	-	-	-	-	273	834	(3,035)	-
Total	<u>11,832</u>	<u>2,027</u>	<u>2,279</u>	<u>328,848</u>	<u>-</u>	<u>6,516</u>	<u>1,885</u>	<u>(3,035)</u>	<u>350,352</u>
Segment results	<u>1,246</u>	<u>2,027</u>	<u>26,826</u>	<u>(35,978)</u>	<u>(1,607)</u>	<u>4,904</u>	<u>(3,839)</u>	<u>(320)</u>	<u>(6,741)</u>
Unallocated corporate expenses									(38,352)
Finance costs									(18,294)
Share of results of associates	-	-	-	-	8,943	-	(22,396)	-	(13,453)
Share of results of joint ventures	-	-	-	(389)	-	-	3	-	(386)
Loss before tax									<u>(77,226)</u>
Other segment information:									
Capital expenditure (<i>Note</i>)	-	-	-	19,360	-	4	195	-	19,559
Depreciation	(8,410)	-	-	(56,823)	-	(6)	(56)	1,592	(63,703)
Interest income	-	2,027	492	911	-	-	835	-	4,265
Finance costs	-	-	(33)	(6,477)	-	-	-	16	(6,494)
Loss on disposal of fixed assets	-	-	-	(2,428)	-	-	(33)	-	(2,461)
Provision for impairment losses on inventories	-	-	-	(757)	-	-	-	-	(757)
Net fair value gain on financial instruments									
at fair value through profit or loss	-	-	29,066	-	-	-	-	-	29,066
Net fair value gain on investment properties	100	-	-	-	-	-	-	-	100
Unallocated:									
Capital expenditure (<i>Note</i>)									14
Depreciation									(2,944)
Finance costs									(18,294)
Loss on disposal of fixed assets									(1)

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

	Property investment	Treasury investment	Securities investment	Food businesses	Healthcare services	Property management	Other	Inter-segment elimination	Consolidated
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 30 June 2024 (unaudited)									
Segment assets	1,185,212	203,808	760,975	682,265	-	1,087	49,171	(9,734)	2,872,784
Interests in associates	-	-	-	-	474,709	-	329,308	-	804,017
Interests in joint ventures	-	-	41,446	36,393	-	-	66	-	77,905
Unallocated assets									46,555
Total assets									3,801,261
Segment liabilities	203,958	-	42,136	321,569	437,345	1,212	345,195	(1,031,212)	320,203
Unallocated liabilities									843,196
Total liabilities									1,163,399
At 31 December 2023 (audited)									
Segment assets	1,201,022	234,458	822,391	739,114	-	722	51,790	(11,706)	3,037,791
Interests in associates	-	-	-	-	489,364	-	330,233	-	819,597
Interests in joint ventures	-	-	41,461	36,019	-	-	1,094	-	78,574
Unallocated assets									40,368
Total assets									3,976,330
Segment liabilities	208,911	-	42,208	349,354	439,257	1,474	375,787	(1,067,435)	349,556
Unallocated liabilities									802,251
Total liabilities									1,151,807

3. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024	2023
	HKS'000	HKS'000
Revenue from contracts with customers:		
Revenue from food manufacturing operation	166,400	158,454
Revenue from restaurant operation	179,479	169,020
Provision of management services	6,481	6,243
	352,360	333,717
Revenue from other sources:		
Property rental income from operating leases:		
Variable lease payments that do not depend on an index or a rate	26	479
Other lease payments, including fixed payments	8,451	9,425
	8,477	9,904
Interest income	5,309	4,265
Dividend income	6,835	1,787
Other	1,166	679
	21,787	16,635
	374,147	350,352

Disaggregated revenue information for revenue from contracts with customers

Segments	Food businesses HK\$'000	Property management HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 June 2024				
Types of goods or services:				
Revenue from food manufacturing operation	166,400	-	-	166,400
Revenue from restaurant operation	179,479	-	-	179,479
Provision of management services	-	6,283	198	6,481
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	345,879	6,283	198	352,360
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Geographical markets:				
Hong Kong	114,488	5,283	198	119,969
Mainland China	-	1,000	-	1,000
Republic of Singapore	220,942	-	-	220,942
Malaysia	10,449	-	-	10,449
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	345,879	6,283	198	352,360
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition:				
Goods transferred at a point in time	345,879	-	-	345,879
Services transferred over time	-	6,283	198	6,481
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	345,879	6,283	198	352,360
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Six months ended 30 June 2023				
Types of goods or services:				
Revenue from food manufacturing operation	158,454	-	-	158,454
Revenue from restaurant operation	169,020	-	-	169,020
Provision of management services	-	6,243	-	6,243
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	327,474	6,243	-	333,717
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Geographical markets:				
Hong Kong	104,336	5,134	-	109,470
Mainland China	-	1,109	-	1,109
Republic of Singapore	219,419	-	-	219,419
Malaysia	3,719	-	-	3,719
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	327,474	6,243	-	333,717
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition:				
Goods transferred at a point in time	327,474	-	-	327,474
Services transferred over time	-	6,243	-	6,243
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	327,474	6,243	-	333,717
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Segments	Food businesses HK\$'000	Property management HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 June 2024				
Revenue from contracts with customers				
External customers	345,879	6,283	198	352,360
Inter-segment	-	294	-	294
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	345,879	6,577	198	352,654
Revenue from other sources — external	1,738	-	1,732	3,470
	<hr/>	<hr/>	<hr/>	<hr/>
Total segment revenue	<u>347,617</u>	<u>6,577</u>	<u>1,930</u>	<u>356,124</u>
Six months ended 30 June 2023				
Revenue from contracts with customers				
External customers	327,474	6,243	-	333,717
Inter-segment	-	273	834	1,107
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	327,474	6,516	834	334,824
Revenue from other sources — external	1,374	-	1,051	2,425
	<hr/>	<hr/>	<hr/>	<hr/>
Total segment revenue	<u>328,848</u>	<u>6,516</u>	<u>1,885</u>	<u>337,249</u>

4. OTHER LOSSES — NET

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Gain/(Loss) on disposal of:		
Subsidiaries	957	-
Fixed assets	(148)	(2,462)
Provisions for impairment losses on:		
Inventories	(540)	(757)
Loans and receivables	(1,103)	-
Foreign exchange losses — net	(607)	(3,415)
	<hr/>	<hr/>
	<u>(1,441)</u>	<u>(6,634)</u>

5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	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	(24,872)	20,822
Debt securities	(2,176)	(1,224)
Investment funds	(19,567)	9,690
Derivative financial instruments	(5,130)	(222)
	<u>(51,745)</u>	<u>29,066</u>
Interest income:		
Loans and advances	2,319	1,615
Financial assets at fair value through profit or loss	470	476
Other	2,520	2,174
Depreciation of fixed assets (<i>Note (a)</i>)	(33,142)	(35,357)
Depreciation of right-of-use assets	(33,053)	(31,290)
Staff costs (<i>Note (b)</i>)	(154,950)	(134,476)
Selling and distribution expenses (<i>Note (c)</i>)	(22,163)	(21,096)
Legal and professional fees (<i>Note (c)</i>)	(33,862)	(10,218)
Consultancy and service fees (<i>Note (c)</i>)	(6,182)	(4,710)
Utilities charges (<i>Note (c)</i>)	(6,717)	(6,628)
Cost of inventories sold (<i>Note (a) and Note (b)</i>)	<u>(141,521)</u>	<u>(152,881)</u>

Note:

- (a) HK\$9,561,000 (2023 — HK\$10,970,000) is included in “Cost of inventories sold” and HK\$23,581,000 (2023 — HK\$24,387,000) is included in “Administrative expenses” in the condensed consolidated statement of profit or loss, respectively.
- (b) HK\$11,790,000 (2023 — HK\$14,191,000) is included in “Cost of inventories sold” and HK\$143,160,000 (2023 — HK\$120,285,000) is included in “Administrative expenses” in the condensed consolidated statement of profit or loss, respectively.
- (c) The amounts are included in “Other operating expenses” in the condensed consolidated statement of profit or loss.

6. INCOME TAX

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong:		
Deferred	11	(580)
Mainland China and overseas:		
Charge for the period	2,571	1,059
Deferred	(453)	1,267
	<u>2,118</u>	<u>2,326</u>
Total charge for the period	<u>2,129</u>	<u>1,746</u>

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5% (2023 — 8.25% or 16.5%), as appropriate. For the companies operating in mainland China and the Republic of Singapore, corporate taxes have been calculated on the estimated assessable profits for the period at the rates of 25% and 17% (2023 — 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.

7. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated based on (i) the consolidated loss for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 918,691,000 ordinary shares (2023 — approximately 918,691,000 ordinary shares) in issue during the period.

(b) Diluted loss per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

8. INTERIM DIVIDEND

The Directors have resolved not to declare the payment of any interim dividend for the six months ended 30 June 2024 (2023 — Nil).

9. INTERESTS IN JOINT VENTURES

Reference was made to the Group's minority ownership interest in Skye Mineral Partners, LLC ("Skye") whose major asset, prior to the events described below, was substantially all of the equity interests in CS Mining, LLC ("CS Mining"), a company that owned a number of copper ore deposits in the U.S.A. Subsequently, CS Mining sold its assets through a court-supervised sale process under its bankruptcy proceedings and a former joint venture of the Company participated and won the bid to acquire the assets in 2017. In 2018, a verified complaint 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 Group, individually and derivatively on behalf of Skye, also filed a 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 parties have preliminarily agreed to settle the litigation and all claims that exist and are in discussions regarding the same. Further update will be provided if and when the settlement agreement is concluded.

10. DEBTORS, PREPAYMENTS AND OTHER ASSETS

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Outstanding balances with ages:		
Within 30 days	47,486	28,062
Between 31 and 60 days	21,789	21,258
Between 61 and 90 days	12,490	14,413
Over 90 days	1,232	396
	<hr/> 82,997 <hr/>	<hr/> 64,129 <hr/>

11. CREDITORS, ACCRUALS AND OTHER LIABILITIES

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Outstanding balances with ages:		
Within 30 days	23,926	28,076
Between 31 and 60 days	9,294	11,620
Between 61 and 90 days	835	2,804
Over 90 days	1,445	1,237
	<hr/>	<hr/>
	35,500	43,737
	<hr/> <hr/>	<hr/> <hr/>

12. CONTINGENT LIABILITIES

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Secured bankers' guarantee	1,303	1,337
Unsecured bankers' guarantee	3,415	3,357
	<hr/>	<hr/>
	4,718	4,694
	<hr/> <hr/>	<hr/> <hr/>

The bankers' guarantees were mainly issued in lieu of rental and utility deposits for the premises used in the food businesses segment. The secured bankers' guarantees were secured by certain assets pledged as security for the bank loans of the Group.

13. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the interim results, the Group had no material events after the reporting period.

BUSINESS REVIEW

Overview

The Hong Kong economy recorded moderate growth in the first half of 2024. However, the operating environment remained challenging. The change in inbound tourist behaviours such as budget-conscious and the spending habits of the local people adversely affected the operating environment in the retail and food business in Hong Kong. In addition, the higher-for-even-longer interest rates have affected the operating environment of various businesses and the property market in Hong Kong. The mainland China's GDP growth was stronger than projected earlier due to the roll-out of more government support measures. However, it continued to be affected by the weak property market conditions. The Singapore economy grew at a modest sequential pace in the first half of 2024. As a whole, the global economy continued to be affected by persistently core inflation, high interest rates, geoeconomic fragmentation, continued tensions in Middle East and conflict between Russia and Ukraine.

Results for the Period

Against this backdrop, the Company (together with its subsidiaries, collectively, the "Group") recorded a consolidated loss attributable to shareholders of HK\$137 million for the six months ended 30 June 2024 (the "Period"), as compared to a consolidated loss of HK\$59 million for the six months ended 30 June 2023 ("2023"). The increase in loss was mainly attributable to the net fair value loss on financial instruments at fair value through profit or loss of the Group during the Period while a net fair value gain was recorded in 2023.

Revenue for the Period increased to HK\$374 million (2023 — HK\$350 million), of which 60% (2023 — 63%) and 34% (2023 — 33%) were generated from Singapore and Hong Kong, respectively. Food businesses remain the principal sources of revenue of the Group and registered 6% increase in revenue, contributing to 93% (2023 — 94%) of total revenue for the Period.

The Group's other operating expenses mainly included selling and distribution expenses and utilities charges for food businesses, legal and professional fees, and consultancy and service fees. Other operating expenses amounted to HK\$95 million for the Period (2023 — HK\$72 million).

Food businesses

The Group's food businesses segment recorded a revenue of HK\$348 million for the Period (2023 — HK\$329 million), mainly from food retail operations in chains of cafés and bistros and food manufacturing which revenue increased by 6% and 5%, respectively. The Group is currently operating restaurants under the brands, namely "Chatterbox Café", "Chatterbox Express", "Délifrance", "alfafa" and "Lippo Chiuchow Restaurant". To improve the in-store experience of the customers, the Group has revamped its stores from time to time. The performance of the revamped stores was satisfactory. The performance of the Group's food manufacturing business in Singapore and Malaysia also improved during the Period mainly due to enhanced operational cost management and higher sale revenue. However, the operating environment of the food businesses of the Group as a whole remained challenging and suffered from intense competition, manpower shortage and higher operating costs. In Hong Kong, a large number of Hong Kong people travelling to Shenzhen and the Greater Bay Area for leisure on weekends and slower-than-expected economy recovery have weakened local consumption demand. As a result, the segment incurred a loss of HK\$20 million for the Period (2023 — HK\$36 million).

Property investment

The Group's property investment portfolio mainly comprises commercial properties in Hong Kong and mainland China. The total segment revenue for the Period amounted to HK\$11 million (2023 — HK\$12 million), which was mainly attributable to recurrent rental income. The Group recorded a fair value loss on investment properties of HK\$6 million for the Period (2023 — gain of HK\$0.1 million). As a result, the property investment segment recorded a loss of HK\$6 million for the Period (2023 — profit of HK\$1 million).

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. Total revenue of treasury and securities investments businesses increased to HK\$10 million during the Period (2023 — HK\$4 million), which was mainly attributable to increase in dividend income for the Period. Global stock markets were volatile during the Period. The Group recorded a net fair value loss of HK\$52 million in the statement of profit or loss from its securities investments for the Period as compared with a gain of HK\$29 million in 2023 under this segment. As a result, the treasury and securities investments businesses recorded a loss of HK\$43 million in the statement of profit or loss for the Period (2023 — profit of HK\$29 million).

The Group cautiously manages the mix of its investment portfolio. As at 30 June 2024, the treasury and securities investment portfolio of HK\$965 million (31 December 2023 — HK\$1,057 million) comprised mainly cash and bank balances of HK\$265 million (31 December 2023 — HK\$243 million), financial assets at fair value through profit or loss ("FVPL") of HK\$618 million (31 December 2023 — HK\$749 million) and financial assets at fair value through other comprehensive income ("FVOCI") of HK\$48 million (31 December 2023 — HK\$49 million). Further details of securities investments under different categories are as follows:

Financial assets at fair value through profit or loss

As of 30 June 2024, the Group's financial assets at FVPL amounted to HK\$618 million (31 December 2023 — HK\$749 million), comprising equity securities of HK\$159 million (31 December 2023 — HK\$279 million), debt securities of HK\$36 million (31 December 2023 — HK\$38 million) and investment funds of HK\$423 million (31 December 2023 — HK\$432 million).

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

	As at 30 June 2024		As at 31 December 2023	Six months ended 30 June 2024	
	Fair value	Approximate percentage of financial assets at FVPL	Approximate percentage to the total assets	Fair value	Net fair value gain/(loss)
	HK\$'000			HK\$'000	HK\$'000
GSH Corporation Limited ("GSH")	68,957	11.1%	1.8%	77,753	(8,796)
Amasia CIV T, L.P. ("Amasia")	56,121	9.1%	1.5%	56,150	(29)
Quantedge Global Fund ("Quantedge")	44,456	7.2%	1.2%	42,086	7,091
Others (<i>Note</i>)	448,917	72.6%	11.8%	573,281	(44,881)
Total	<u>618,451</u>	<u>100.0%</u>	<u>16.3%</u>	<u>749,270</u>	<u>(46,615)</u>

Note: Others comprised of various securities, none of which accounted for more than 5% of financial assets at FVPL as at 30 June 2024.

GSH

As at 30 June 2024, the fair value of the Group's equity securities in GSH amounted to HK\$69 million, representing approximately 11.1% and 1.8% of the Group's total financial assets at FVPL and total assets, respectively. An unrealised fair value loss of HK\$9 million was recognised by the Group for the Period. The Group also invested in the listed convertible bonds issued by GSH. As at 30 June 2024, the fair value of the Group's debt securities in GSH amounted to HK\$18 million, representing approximately 2.9% and 0.5% 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 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 in Sabah. Driven by robust domestic tourism and a strong return of international travellers, GSH's hospitality business in Malaysia continued to grow. GSH's property business in Malaysia continued to show positive momentum, spurred by interest from foreign investors, particularly from mainland China. However, the real estate market in mainland China continued to face significant headwinds.

Amasia

Amasia is a single portfolio fund which invested in Dialpad, Inc. ("Dialpad"). Dialpad offers a suite of business communications software, including its namesake Dialpad product, a "PBX in the cloud", as well as Dialpad Meetings, a lightweight conference calling solution. Dialpad continues to expand its AI infrastructure, investing in graphics processing units that can speed up model training. It plans to launch data insights and productivity-focused features for sales, contact center and recruiting use cases. The Group invested US\$2 million into Amasia in 2015 for long-term capital gain. As at 30 June 2024, the fair value of the Group's investment in Amasia was maintained at HK\$56 million, representing approximately 9.1% and 1.5% of the Group's total financial assets at FVPL and total assets, respectively.

Quantedge

Quantedge is an unlisted investment fund which aims to achieve absolute long-term capital growth by investing in multiple asset classes across the globe. Cumulated fair value gain has been recognised by the Group in prior years and fair value gain of HK\$7 million was recorded by the Group for the Period. In line with the objective of the Group to manage its investment portfolio by adopting a proactive but prudent approach, partial redemption of investment in Quantedge has been made since 2022 to realise the cumulated fair value gain and to re-allocate the proceeds for general working capital. During the Period, the Group partially redeemed HK\$5 million of the investment. Coupled with the unrealised fair value gain for the remaining investment, the fair value of the Group's investment in Quantedge was HK\$44 million as at 30 June 2024, representing approximately 7.2% and 1.2% of the Group's total financial assets at FVPL and total assets, respectively.

Financial assets at fair value through other comprehensive income

In addition to the above investments under financial assets at FVPL, the Group also invested in equity securities which are held for long-term strategic purposes and recorded them under financial assets at FVOCI. As at 30 June 2024, the fair value of such investments amounted to HK\$48 million (31 December 2023 — HK\$49 million). The major investments in this category are H2G Green Limited (“H2G”) and GenieBiome Holdings Limited (“GB”).

H2G is a company listed on the Catalist Board, the sponsor-supervised listing platform of the SGX-ST, and is a sustainability focused platform spearheading the energy transition and it also operates a lifestyle business that comprises the distribution and retail of a comprehensive collection of furniture, wardrobe and kitchen cabinet systems, lighting and accessories. The Group initially subscribed for approximately 11.0% of the then issued shares in H2G in 2023. In 2024, the Group took up 8.9% new shares in H2G upon completion of a share swap with one of its unlisted investments in a related business, which allows the Group to enhance liquidity of its investment portfolio. As at 30 June 2024, the fair value of the Group’s investment in H2G amounted to HK\$19 million, representing approximately 38.8% and 0.5% of the Group’s total financial assets at FVOCI and total assets, respectively. The Group recorded an unrealised fair value loss of HK\$0.3 million through other comprehensive income for the Period.

GB is another major investment in this category. As at 30 June 2024, the fair value of the Group’s investment in GB amounted to HK\$18 million, representing approximately 37.1% and 0.5% of the Group’s total financial assets at FVOCI and total assets, respectively. In 2021, the Group made an investment in GB, a biotech company established by a team of internationally renowned university professors of medicine and clinician-scientists in Hong Kong. GB has pioneered the use of microbiome with evidence-based science to tackle a myriad of diseases, revolutionising the prevention, diagnosis and treatment of disease. Its portfolio includes diagnostic and risk prediction tests, next-generation microbiome precision formula and precision medicine tailored for the Asian population. GB has a pipeline of new products to be launched in market as well as continuing its research and development on microbiome. The performance of GB is satisfactory and dividend income was received during the Period. The Group recorded an unrealised fair value loss of HK\$0.01 million through other comprehensive income for the Period.

Healthcare services

The Group’s healthcare services business is primarily conducted through its investments in Healthway Medical Corporation Limited (“Healthway”, together with its subsidiaries, collectively, the “Healthway Group”), a 40.8% owned associate of the Company. Healthway has a wide network of over 130 clinics and medical centres, primarily in Singapore, offering comprehensive services including general practitioner and family medicine clinics, health screening, adult specialists, baby and child specialists, dental services and allied healthcare services.

The Healthway Group posted stronger revenue for the Period. The revenue growth was driven by an increase in revenue from both primary healthcare segment and specialist healthcare segment, following the acquisition of new clinics in the second half of 2023. Such newly acquired clinics included, inter alia, UROHEALTH Pte Ltd., one of the largest private urology practices in Singapore. Healthway opened a day surgery centre in Singapore during the Period. The day surgery centre, with 5 operating rooms and 12 premium patient suites, offers patients cost effective treatment options and helps to alleviate capacity issues in hospitals. As a result of higher operating costs following the change in revenue mix, the Group recognised a share of loss of HK\$3 million (2023 — profit of HK\$9 million) from the Healthway Group for the Period. As at 30 June 2024, the Group’s interest in Healthway amounted to HK\$475 million (31 December 2023 — HK\$489 million).

Other business

The Group recorded a share of profit of HK\$13 million from its investment in TIH Limited (“TIH”, together with its subsidiaries, collectively, the “TIH Group”), a 39.9% owned associate of the Company and listed on the Mainboard of the SGX-ST for the Period (2023 — loss of HK\$22 million). The Group’s interests in TIH as at 30 June 2024 amounted to HK\$286 million (31 December 2023 — HK\$286 million).

The TIH Group currently has two business segments, that is, investment business and fund management. The TIH Group’s income for the Period is mostly derived from the realisation and/or revaluation of its investments and fee income, against a net fair value loss recorded in 2023. In tandem with the positive growth outlook in Southeast Asia’s economies, private equity activity in Southeast Asia had demonstrated good momentum as deal activity picked up in the region during the Period. However, macroeconomic uncertainties, including geopolitical conflicts and tensions, and ongoing fragility in the global markets could pose challenges to the region.

Financial Position

As at 30 June 2024, total assets of the Group amounted to HK\$3.8 billion (31 December 2023 — HK\$4.0 billion), with cash and cash equivalents amounted to HK\$0.3 billion (31 December 2023 — HK\$0.3 billion). Total liabilities amounted to HK\$1.2 billion (31 December 2023 — HK\$1.2 billion). As at 30 June 2024, the net asset value attributable to equity holders of the Company amounted to HK\$2.3 billion (31 December 2023 — HK\$2.5 billion). This was equivalent to HK\$2.5 per share as at 30 June 2024 (31 December 2023 — HK\$2.7 per share).

Total bank loans of the Group as at 30 June 2024 amounted to HK\$690 million (31 December 2023 — HK\$645 million). All bank loans were secured by fixed and floating charges on certain properties and assets of certain subsidiaries of the Group. The loans, denominated in Hong Kong dollars and Malaysian ringgits, 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.

Approximately 71% of the bank loans as at 30 June 2024 (31 December 2023 — 22%) were repayable within one year or on demand. As at 30 June 2024, 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 2023 — 24.8%).

As at 30 June 2024, current ratio decreased to 0.9 (31 December 2023 — 1.6). After considering the available funds from operations and investing activities to the Group and the unutilised credit facilities, management considers the Group is able to meet its liabilities as and when they fall due.

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

The Group had bankers’ guarantees issued in lieu of rental and utility deposits for the premises used for operation of food businesses. As at 30 June 2024, the Group has secured bankers’ guarantees of HK\$1 million (31 December 2023 — HK\$1 million) and unsecured bankers’ guarantees of HK\$4 million (31 December 2023 — HK\$4 million). The secured bankers’ guarantees were secured by certain assets of the Group.

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 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 Group, individually and derivatively on behalf of Skye, also filed a 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 parties have preliminarily agreed to settle the litigation and all claims that exist and are in discussions regarding the same. Further update will be provided if and when the settlement agreement is concluded.

Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31 December 2023 — Nil).

Total capital commitment of the Group as at 30 June 2024 amounted to HK\$81 million (31 December 2023 — HK\$88 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 836 full-time employees as at 30 June 2024 (30 June 2023 — 746 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Period amounted to HK\$155 million (2023 — HK\$134 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

Global growth is projected to stabilise in this year. The Ministry of Trade and Industry in Singapore has narrowed Singapore's GDP growth forecast for 2024 to 2.0% to 3.0% from 1.0% to 3.0%. With the support of the government, it is expected that the economy of mainland China is likely to be stronger. However, it may take longer time for the property market in mainland China to rebound. Given continued inflationary pressures, central banks in both advanced economies and developing economies will likely remain cautious in easing monetary policy. The escalation in geopolitical and trade conflicts could dampen business sentiments and increase production costs, which could weigh on global trade and investment. Amid the challenging operating environment, the Group and its associates will continue to manage their businesses and monitor their assets and investments cautiously and exercise prudent capital management.

INTERIM DIVIDEND

The Directors have resolved not to declare the payment of any interim dividend for the six months ended 30 June 2024 (2023 — Nil).

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

During the six months ended 30 June 2024, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise two independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman) and Mr. Edwin Neo and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2024.

CORPORATE GOVERNANCE

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

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30 June 2024.

By Order of the Board
Lippo China Resources Limited
Davy Kwok Fai Lee
Chief Executive Officer

Hong Kong, 27 August 2024

As at the date of this announcement, the Board of Directors of the Company comprises nine directors, of which Dr. Stephen Riady (Chairman), Mr. John Luen Wai Lee (Deputy Chairman), Mr. Davy Kwok Fai Lee (Chief Executive Officer), Mr. James Siu Lung Lee and Mr. Brian Riady as executive Directors, Mr. Leon Nim Leung Chan as non-executive Director and Mr. Edwin Neo, Mr. Victor Ha Kuk Yung and Ms. Min Yen Goh as independent non-executive Directors.