

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

香港小輪（集團）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 50)

### 2023 INTERIM RESULTS ANNOUNCEMENT

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023 – unaudited

	Note	Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000
Revenue	3(a)	171,269	138,947
Direct costs		<u>(106,181)</u>	<u>(79,561)</u>
		65,088	59,386
Other revenue	3(a)	36,906	39,683
Other net income/(loss)	4	3,773	(2,100)
Valuation gains on investment properties	3(d)	21,196	11,570
Selling and marketing expenses		(5,297)	(2,263)
Administrative expenses		(35,917)	(26,452)
Other operating expenses		<u>(1,864)</u>	<u>(3,058)</u>
<b>Profit from operations</b>	3(b)	<b>83,885</b>	<b>76,766</b>
Interest on lease liabilities		(149)	(72)
Share of profits less losses of associates		363	277
Share of profits less losses of joint ventures		<u>17,032</u>	<u>184</u>
<b>Profit before taxation</b>	5	<b>101,131</b>	<b>77,155</b>
Taxation	6	<u>(13,140)</u>	<u>(12,082)</u>
<b>Profit for the period</b>		<b><u>87,991</u></b>	<b><u>65,073</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		90,027	65,073
Non-controlling interests		<u>(2,036)</u>	<u>–</u>
<b>Profit for the period</b>		<b><u>87,991</u></b>	<b><u>65,073</u></b>
Earnings per share (HK\$)	8		
– Basic and diluted		<u>0.25</u>	<u>0.18</u>

Details of dividends payable to equity shareholders of the Company are set out in note 7.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023 – unaudited

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
<b>Profit for the period</b>	<u>87,991</u>	<u>65,073</u>
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Item that will not be reclassified to profit or loss:		
Financial assets at fair value through other comprehensive income – net movement in securities revaluation reserve (non-recycling)	<u>4,686</u>	<u>4,412</u>
	<u>4,686</u>	<u>4,412</u>
<b>Total comprehensive income for the period</b>	<u>92,677</u>	<u>69,485</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	94,713	69,485
Non-controlling interests	<u>(2,036)</u>	<u>–</u>
<b>Total comprehensive income for the period</b>	<u>92,677</u>	<u>69,485</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		At 30 June 2023 (unaudited)		At 31 December 2022 (audited)	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>					
Investment properties			2,465,690		2,342,305
Other property, plant and equipment			71,265		79,680
Interest in leasehold land			<u>32,870</u>		<u>33,555</u>
			2,569,825		2,455,540
Interest in associates			7,509		7,157
Interest in joint ventures			748,587		946,555
Other financial assets			113,107		112,829
Other receivables and prepayments	9(a)		95,873		98,855
Net employee retirement benefits assets			–		212
Deferred tax assets			<u>3,510</u>		<u>6,358</u>
			3,538,411		3,627,506
<b>Current assets</b>					
Inventories		1,800,560		1,691,232	
Trade and other receivables	9(b)	152,767		242,415	
Tax recoverable		714		742	
Cash and bank balances		<u>1,803,302</u>		<u>1,972,726</u>	
		<u>3,757,343</u>		<u>3,907,115</u>	
<b>Current liabilities</b>					
Trade and other payables	10	(255,121)		(183,927)	
Lease liabilities		(7,261)		(8,400)	
Bank overdrafts		–		(701)	
Tax payable		<u>(38,686)</u>		<u>(37,905)</u>	
		<u>(301,068)</u>		<u>(230,933)</u>	
<b>Net current assets</b>			<u>3,456,275</u>		<u>3,676,182</u>
<b>Total assets less current liabilities</b>			6,994,686		7,303,688
<b>Non-current liabilities</b>					
Net employee retirement benefits liabilities		(67)		–	
Lease liabilities		(6,380)		(9,224)	
Deferred tax liabilities		<u>(81,020)</u>	<u>(87,467)</u>	<u>(76,207)</u>	<u>(85,431)</u>
<b>NET ASSETS</b>			<u>6,907,219</u>		<u>7,218,257</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***At 30 June 2023*

		<b>At 30 June 2023</b>		<b>At 31 December 2022</b>	
		<b>(unaudited)</b>		<b>(audited)</b>	
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>CAPITAL AND RESERVES</b>					
Share capital			<b>1,754,801</b>		1,754,801
Reserves			<b><u>5,155,864</u></b>		<u>5,463,456</u>
<b>Total equity attributable to equity shareholders of the Company</b>			<b>6,910,665</b>		7,218,257
<b>Non-controlling interests</b>			<b><u>(3,446)</u></b>		<u>—</u>
<b>TOTAL EQUITY</b>			<b><u>6,907,219</u></b>		<u>7,218,257</u>

## NOTES:

### 1. BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the Group's interim financial report for the six months ended 30 June 2023 but are extracted from that report.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The financial information relating to the financial year ended 31 December 2022 that is included in this preliminary announcement of the interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

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

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

### 2. CHANGES IN ACCOUNTING POLICIES

#### (a) New and amended Hong Kong Financial Reporting Standards ("HKFRSs")

The HKICPA has issued the following new and amended HKFRSs issued by the HKICPA that are first effective for the current accounting period of the Group.

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

### (b) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will eventually abolish the statutory right of an employer to reduce its long service payment (“LSP”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund (“MPF”) scheme (also known as the “offsetting mechanism”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the “Transition Date”). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee’s service from the Transition Date. However, where an employee’s employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee’s service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 December 2022.

In the interim financial report and in prior periods, consistent with the HKICPA guidance the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the abovementioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time the interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance.

### 3. SEGMENT REPORTING

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments.

- Property development: development and sale of properties.
- Property investment: rental income from leasing of properties.
- Ferry, shipyard and related operations: income from operation of dangerous goods vehicular ferry service and ship repairs and maintenance services and sales of goods on cruise vessels.
- Healthcare, medical aesthetic and beauty services: income from provision of healthcare, medical aesthetic and beauty services.
- Securities investment: dividend, interest and other income from listed securities investments.

Segment information is presented only in respect of the Group's business segments. No geographical analysis is shown as substantially all of the Group's revenue and profit from operations were derived from activities in Hong Kong.

#### **Segment results**

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

### 3. SEGMENT REPORTING (Continued)

#### Segment results (Continued)

The segment information for the six months ended 30 June 2023 and 2022 about these reportable segments is presented below:

#### (a) Segment revenue

	Total revenue		Elimination of		Revenue from	
	Six months ended		inter-segment revenue		external customers	
	30 June		Six months ended		Six months ended	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property development	32	27,617	–	–	32	27,617
Property investment	83,773	77,911	–	–	83,773	77,911
Ferry, shipyard and related operations	69,801	57,638	642	534	69,159	57,104
Healthcare, medical aesthetic and beauty services	4,258	–	–	–	4,258	–
Securities investment	7,719	1,189	–	–	7,719	1,189
Others	77,313	42,411	34,079	27,602	43,234	14,809
	<u>242,896</u>	<u>206,766</u>	<u>34,721</u>	<u>28,136</u>	<u>208,175</u>	<u>178,630</u>

#### Analysed by:

Revenue	171,269	138,947
Other revenue	<u>36,906</u>	<u>39,683</u>
	<u>208,175</u>	<u>178,630</u>

The principal activities of the Group are property development, property investment, ferry, shipyard and related operations, healthcare, medical aesthetic and beauty services and securities investment.

Revenue represents gross income from the sale of properties, sales value of goods delivered to customers, income from services rendered, rental income, interest income and dividend income.

### 3. SEGMENT REPORTING (Continued)

#### Segment results (Continued)

##### (b) Segment result

	Reportable segment profit/(loss)	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Property development	1,833	21,612
Property investment (note 3(d))	61,175	51,404
Ferry, shipyard and related operations	(3,865)	(418)
Healthcare, medical aesthetic and beauty services	(17,537)	–
Securities investment	(3,374)	(4,413)
	<u>38,232</u>	<u>68,185</u>
Others (note 3(e))	<u>45,653</u>	<u>8,581</u>
	<u><u>83,885</u></u>	<u><u>76,766</u></u>

##### (c) Reconciliation of reportable segment profit

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Reportable segment profit derived from external customers	38,232	68,185
Other profit derived from external customers	45,653	8,581
Interest on lease liabilities	(149)	(72)
Share of profits of associates and joint ventures (net)	<u>17,395</u>	<u>461</u>
Profit before taxation in the consolidated statement of profit or loss	<u><u>101,131</u></u>	<u><u>77,155</u></u>

(d) The segment result of the “Property investment” included valuation gains on investment properties of HK\$21,196,000 (2022: HK\$11,570,000).

(e) “Others” mainly comprises interest income, corporate expenses and exchange gains/losses.

#### 4. OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Construction cost adjustment ( <i>note</i> )	5,239	–
Sundry income	1,962	2,017
Gain on lease modifications	494	–
Income from sale of spare parts	481	1,244
Net exchange gains/(losses)	5	(4)
Change in fair value of other financial assets designated at fair value through profit or loss	<u>(4,408)</u>	<u>(5,357)</u>
	<u>3,773</u>	<u>(2,100)</u>

*Note:* Construction cost adjustment represents the revision of the original construction costs of the properties completed in prior years, confirmed by the surveyors during the six months ended 30 June 2023.

#### 5. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Amortisation of leasehold land premium	685	685
Cost of inventories	9,383	2,983
Depreciation		
– owned property, plant and equipment	5,174	3,319
– right-of-use assets	4,456	1,683
Dividend income from listed investments	(1,229)	(1,189)
Interest income	<u>(48,774)</u>	<u>(13,760)</u>

#### 6. TAXATION

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the period	5,479	8,502
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>7,661</u>	<u>3,580</u>
	<u>13,140</u>	<u>12,082</u>

## 6. TAXATION (Continued)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2022: 16.5%) to the estimated assessable profits for the six months ended 30 June 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

## 7. DIVIDENDS

### (a) Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Interim dividend declared and paid after the interim period of HK10 cents (2022: HK10 cents) per ordinary share	<u>35,627</u>	<u>35,627</u>

The interim dividend declared and paid after the interim period has not been recognised as a liability at the end of the reporting period.

### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK15 cents (six months ended 30 June 2022: HK15 cents) per ordinary share	53,441	53,441
Special dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$1.00 (six months ended 30 June 2022: Nil) per ordinary share	<u>356,274</u>	<u>–</u>
	<u>409,715</u>	<u>53,441</u>

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$90,027,000 (six months ended 30 June 2022: HK\$65,073,000) and 356,273,883 (2022: 356,273,883) ordinary shares in issue during the interim period.

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2023 and 2022, therefore diluted earnings per share are the same as basic earnings per share for both periods.

## 9. TRADE AND OTHER RECEIVABLES

	<b>At 30 June 2023 (unaudited) HK\$'000</b>	At 31 December 2022 (audited) HK\$'000
<b>(a) Non-current</b>		
Instalment receivables	93,392	96,374
Other receivables and prepayments	<u>2,481</u>	<u>2,481</u>
	<u><b>95,873</b></u>	<u><b>98,855</b></u>

Instalment receivables represent the proceeds receivable from the sale of properties due after more than one year from the end of the reporting period. The balance included under non-current assets is not past due. Instalment receivables due within one year from the end of the reporting period are included in "Trade and other receivables" under current assets.

	<b>At 30 June 2023 (unaudited) HK\$'000</b>	At 31 December 2022 (audited) HK\$'000
<b>(b) Current</b>		
Trade receivables	55,298	53,880
Instalment receivables	4,049	2,613
Less: loss allowance	<u>(2,651)</u>	<u>(2,709)</u>
	<b>56,696</b>	53,784
Other receivables and prepayments	71,265	73,119
Amounts due from joint ventures	<u>24,806</u>	<u>115,512</u>
	<u><b>152,767</b></u>	<u><b>242,415</b></u>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year. Included in the trade and other receivables are amounts due from related companies of HK\$59,085,000 (31 December 2022: HK\$54,336,000) which are unsecured, interest-free and recoverable on demand. Related companies are companies under control of a company which has significant influence on the Group.

The amounts due from joint ventures are unsecured, interest-free and recoverable on demand.

## 9. TRADE AND OTHER RECEIVABLES (Continued)

### (b) Current (Continued)

Included in trade and other receivables are trade debtors (net of loss allowance) with the following ageing analysis based on due date at the end of the reporting period:

	<b>At 30 June 2023 (unaudited) HK\$'000</b>	At 31 December 2022 (audited) HK\$'000
Current	<b>30,930</b>	27,633
1 to 3 months overdue	<b>22,112</b>	24,198
More than 3 months but less than 12 months overdue	<b>3,638</b>	1,845
More than 12 months overdue	<b>16</b>	108
	<b><u>56,696</u></b>	<b><u>53,784</u></b>

Trade debtors are due ranging from 7 to 45 days from the date of billing. Debtors with balances that are more than 60 days overdue are generally required to settle all outstanding balances before any further credit is granted.

## 10. TRADE AND OTHER PAYABLES

All of the trade and other payables except for an amount of HK\$17,053,000 (31 December 2022: HK\$16,172,000) are expected to be settled within one year. Included in the trade and other payables are amounts due to related companies of HK\$26,546,000 (31 December 2022: HK\$40,270,000) which are unsecured, interest-free and repayable within 30-45 days or repayable on demand. Related companies are companies under control of a company/person which has significant influence on the Group.

Included in trade and other payables are trade payables with the following ageing analysis based on due date at the end of the reporting period:

	<b>At 30 June 2023 (unaudited) HK\$'000</b>	At 31 December 2022 (audited) HK\$'000
Due within 1 month or on demand	<b>163,292</b>	115,129
Due after 1 month but within 3 months	<b>1,225</b>	766
Due after 3 months but within 12 months	–	–
More than 12 months	<b>2</b>	2
	<b><u>164,519</u></b>	<b><u>115,897</u></b>

## **INTERIM RESULTS AND DIVIDENDS**

The unaudited consolidated net profit after taxation of the Group for the six months ended 30 June 2023 amounted to HK\$88 million, representing an increase of 35% as compared with the first half year of 2022. Earnings per share was HK\$0.25 as compared with HK\$0.18 over the corresponding period of 2022. Excluding the fair value change of the investment properties, the Group's underlying profit attributable to equity shareholders for the period under review was HK\$67 million, representing an increase of 25% from the same period last year.

The Board of Directors has declared an interim dividend of HK10 cents per share (2022: interim dividend of HK10 cents per share) in respect of the year ending 31 December 2023. The interim dividend will be paid on Thursday, 28 September 2023 to shareholders whose names appear on the register of members at the close of business on Thursday, 14 September 2023.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

During the period, the US Federal Reserve raised interest rates consecutively to curb inflation, resulting in the federal fund rate reaching the highest level in 22 years. As a result, the 1-month to 12-month Hong Kong dollar interbank rates have recently resumed to more than 5%, which increases the operating costs of businesses across different industries. Fortunately, with the reopening of the border between Mainland China and Hong Kong in early 2023 and the gradual increase in the flight frequency of airlines worldwide, the tourism and retail sectors began to recover. For the first half year of 2023, it was estimated that the value of total retail sales in Hong Kong increased by 20.7% compared with the same period last year. The Group's shops and commercial arcades also started to benefit. During the period under review, the Group's profit was mainly derived from rental income from those properties.

This year marks the 100th anniversary of the Company and the Group has organised various celebration activities. Mr. John Lee Ka-chiu, the Chief Executive of the Hong Kong Special Administrative Region, was the officiating guest of "Hong Kong Ferry Group's 100th Anniversary Ceremony" held at Pier No. 4 in Central on 29 April 2023. Participants of the event include political and business celebrities and mentors and mentees of the Strive and Rise Programme. The later boarded the Harbour Cruise - Bauhinia after the ceremony, enjoying the view of Victoria Harbour and experiencing the principle of "Love Hong Kong and Love the Harbour".

### ***Property Development and Investment Operations***

The gross rental income during the period arising from the commercial arcades of the Group amounted to HK\$59 million, an increase of 7% as compared with the same period last year. At the end of the reporting period, the commercial arcades of Shining Heights and Metro6 were fully let, and the occupancy rates of Green Code Plaza, Metro Harbour Plaza and The Spectacle were 97%, 93% and 89% respectively.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **Business Review (Continued)**

#### ***The Royale (8 Castle Peak Road – Castle Peak Bay, Tuen Mun) Joint Venture Development Project***

During the first half of 2023, seven residential units out of the stock had been delivered to buyers and revenue from such property sales was duly recognised.

#### ***The Symphonie (280 Tung Chau Street, Cheung Sha Wan) Redevelopment Project***

The Group's redevelopment project "The Symphonie" in Cheung Sha Wan will provide residential gross floor area of about 100,698 square feet. The superstructure works were completed. The occupation permit had been obtained in June 2023 and interior fitting-out works are in progress. The project is expected to be completed in early 2024.

#### ***Ferry, Shipyard and Related Operations***

During the period, the border between Mainland China and Hong Kong re-opened and the Harbour Cruise - Bauhinia business improved. The turnover had basically recovered to the 2018 and 2019 levels. However, the business of the Shipyard declined and the Ferry, Shipyard and Related Operations recorded a loss of HK\$3.9 million as compared with the loss of HK\$0.4 million for the same period last year.

#### ***Healthcare, Medical Aesthetic and Beauty Services***

The Group established the aesthetic centre and specialist centre in the second half year of 2022 and first half year of 2023 respectively. Apart from setting up self-operating centres, the Group also cooperated with medical groups to offer professional medical services in order to increase the market share. Following the COVID-19 pandemic, the public has, to certain extent, changed their living and working habits. By providing consumer oriented high-quality services and leveraging the network of Henderson Group, the Group believes that our brand will become more popular among the public. As these businesses are in their initial stage of operations, setup losses totalling HK\$17.5 million were recorded during the period.

### **Prospects**

The real GDP of Hong Kong economy increased by 1.5% year-on-year in the second quarter of 2023. Private consumption expenditure increased by 8.2% year-on-year in real terms in the second quarter of 2023. Hong Kong has the distinctive advantages of enjoying strong support of the Motherland and close connection to the world. The Government spares no effort in revitalizing the economy and promoting Hong Kong. The Chief Executive, in his 2022 Policy Address, emphasised improving Hong Kong's competitiveness and "competing for talents and enterprises" and promulgated measures to "advance from stability to prosperity".

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Prospects (Continued)

Given the opportunities brought about by the Belt and Road Initiative, Hong Kong will focus on establishing governance systems, reinforcing traditional industries and developing emerging industries, and will strengthen the connection with the world and the Greater Bay Area. Special attention will be paid to foster greater flow of people, goods, capital and information in the Greater Bay Area, and to explore emerging markets such as the Association of Southeast Asian Nations, the Middle East, Central Asia and Africa. Hong Kong is to be developed as the hub for innovative technology, art/culture and finance/trade. Led by a capable and proactive government, Hong Kong's economy is believed to recover and the city will again demonstrate its role as an international financial centre.

For the Hong Kong property market, banks have raised the HKD prime rate for the second time this year, pushing the mortgage cost to a higher level. With the chance of interest rate cut by Federal Reserve being remote this year, the local property market will be affected to a certain extent. It is expected that the property market will be relatively subdued in the second half of the year. However, the rental yield for quality commercial arcades will remain stable.

It is expected that the rental income from shops and commercial arcades together with bank interest income will continue to be the major sources of revenue of the Group in second half of the year.

### Financial Review

#### *Review of Results*

During the six months ended 30 June 2023, the Group's revenue amounted to HK\$171 million, representing an increase of 23% as compared with the same period last year. This was mainly attributable to the increase in interest income.

The consolidated net profit after taxation of the Group for the six months ended 30 June 2023 was HK\$88 million, representing an increase of 35% as compared with the figure for the same period last year. The reason for the increase in profit is already mentioned in the section of Management Discussion and Analysis of this announcement.

#### *Liquidity, Financial Resources and Capital Structure*

As at 30 June 2023, shareholders' funds of the Group decreased 4% to HK\$6,911 million as compared with the corresponding figure as at 31 December 2022. The decrease was mainly due to the net effect of the profit realised from property leasing, the gains on revaluation of the Group's investment properties and deduction of the dividend payments.

There was no change to the capital structure of the Group during the period.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **Financial Review (Continued)**

#### ***Liquidity, Financial Resources and Capital Structure (Continued)***

As at 30 June 2023, current assets of the Group stood at HK\$3,757 million and current liabilities were HK\$301 million. Current ratio of the Group decreased to 12.5 as at 30 June 2023. The decrease was mainly attributed to the increase in trade and other payables.

#### ***Gearing Ratio and Financial Management***

As there was no bank borrowing, gearing ratio was not shown. The Group's financing and treasury activities were managed centrally at the corporate level. Financing facilities policies extended to the Group were principally denominated in Hong Kong dollar.

#### ***Employees***

As at 30 June 2023, the Group employed about 260 staff. The remuneration packages to employees were commensurable to the market trend and levels of pay in similar industries. A discretionary year-end bonus was paid to employees based on individual performance. Other benefits to employees included medical insurance, retirement scheme, training programmes and educational subsidies.

## **OTHER INFORMATION**

### **Closure of Register of Members**

The Register of Members of the Company will be closed on Wednesday, 13 September 2023 and Thursday, 14 September 2023, during which period no requests for transfer of shares will be accepted.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 12 September 2023.

### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **Arrangements to Purchase Shares, Warrants, Options or Debentures**

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors, chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares, options, debentures or warrants of the Company or any other body corporate.

## **OTHER INFORMATION (Continued)**

### **Corporate Governance**

The Company is committed to maintaining high standard of corporate governance. In the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

### **Directors’ Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the directors of the Company (the “Model Code”). Having made specific enquiry, the Company confirmed that all directors of the Company have complied with the required standard set out in the Model Code during the six months ended 30 June 2023.

The Company has also adopted written guidelines on no less exacting terms than the Model Code for those relevant employees (including employees of the Company or directors or employees of its subsidiaries who, because of such office or employment, is likely to be in possession of unpublished inside information in relation to the Company or its securities) in respect of their dealings in the securities of the Company in compliance with the code provision of the Code.

### **Audit Committee**

The Audit Committee has met in August 2023 and reviewed the accounting principles and practices adopted by the Group and has also discussed interim review, internal control and financial reporting matters with the management. The unaudited interim financial report for the six months ended 30 June 2023 has been reviewed with no disagreement by the Audit Committee.

The interim financial report for the six months ended 30 June 2023 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of interim financial information performed by the independent auditor of the entity*” issued by the HKICPA, whose unmodified review report is included in the interim financial report to be sent to shareholders.

### **Remuneration Committee**

The Remuneration Committee held its meeting in May 2023. The Remuneration Committee currently comprises three independent non-executive directors and two executive directors.

## **OTHER INFORMATION (Continued)**

### **Forward-Looking Statements**

This announcement contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

### **Publication of Interim Results and Interim Financial Report**

This interim results announcement is published on the Company's website ([www.hkf.com](http://www.hkf.com)) and the HKEXnews website ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2023 Interim Financial Report of the Company will be despatched to the shareholders of the Company and will be available on both websites in due course.

On behalf of the Board  
**Dr. Lam Ko Yin, Colin**  
*Chairman*

Hong Kong, 18 August 2023

*As at the date of this announcement, the executive directors of the Company are Dr. Lam Ko Yin, Colin (Chairman), Mr. Li Ning and Mr. Lee Gabriel; the non-executive directors are Mr. Au Siu Kee, Alexander and Mr. Lau Yum Chuen, Eddie; and the independent non-executive directors are Mr. Ho Hau Chong, Norman, Ms. Wong Yu Pok, Marina, Mr. Wu King Cheong and Mr. Chan Wai Yan, Ronald.*