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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)

2024 INTERIM RESULTS ANNOUNCEMENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024 – unaudited

	Note	Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	3(a)	210,743	171,269
Direct costs		<u>(130,787)</u>	<u>(106,181)</u>
		79,956	65,088
Other revenue	3(a)	34,824	36,906
Other net income	4	6,318	3,773
Valuation gains on investment properties	3(d)	2,020	21,196
Selling and marketing expenses		(3,877)	(5,297)
Administrative expenses		(45,115)	(35,917)
Other operating expenses		<u>(1,690)</u>	<u>(1,864)</u>
Profit from operations	3(b)	72,436	83,885
Interest on lease liabilities		(218)	(149)
Share of profits less losses of associates		355	363
Share of profits less losses of joint ventures		<u>23,044</u>	<u>17,032</u>
Profit before taxation	5	95,617	101,131
Taxation	6	<u>(8,137)</u>	<u>(13,140)</u>
Profit for the period		<u>87,480</u>	<u>87,991</u>
Attributable to:			
Equity shareholders of the Company		89,596	90,027
Non-controlling interests		<u>(2,116)</u>	<u>(2,036)</u>
Profit for the period		<u>87,480</u>	<u>87,991</u>
Earnings per share (HK\$)	8		
– Basic and diluted		<u>0.25</u>	<u>0.25</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 2024 – unaudited

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Profit for the period	<u>87,480</u>	<u>87,991</u>
Other comprehensive income for the period (after tax and reclassification adjustments):		
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>10,270</u>	<u>4,686</u>
	<u>10,270</u>	<u>4,686</u>
Total comprehensive income for the period	<u>97,750</u>	<u>92,677</u>
Attributable to:		
Equity shareholders of the Company	99,866	94,713
Non-controlling interests	<u>(2,116)</u>	<u>(2,036)</u>
Total comprehensive income for the period	<u>97,750</u>	<u>92,677</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		At 30 June 2024 (unaudited)		At 31 December 2023 (audited)	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Investment properties			2,490,790		2,488,690
Other property, plant and equipment			64,188		65,647
Interest in leasehold land			<u>31,501</u>		<u>32,186</u>
			2,586,479		2,586,523
Interest in associates			5,150		6,370
Interest in joint ventures			673,429		700,385
Other financial assets			120,853		107,189
Other receivables and prepayments	9(a)		87,181		90,970
Net employee retirement benefits assets			1,899		2,100
Deferred tax assets			<u>3,490</u>		<u>3,513</u>
			3,478,481		3,497,050
Current assets					
Inventories			1,803,028		1,802,140
Trade and other receivables	9(b)		183,222		164,130
Tax recoverable			328		517
Cash and bank balances			<u>1,860,554</u>		<u>1,825,434</u>
			<u>3,847,132</u>		<u>3,792,221</u>
Current liabilities					
Trade and other payables	10		(198,302)		(212,823)
Long service payment liabilities			(1,295)		(1,152)
Lease liabilities			(7,246)		(6,883)
Tax payable			<u>(20,534)</u>		<u>(19,868)</u>
			<u>(227,377)</u>		<u>(240,726)</u>
Net current assets			<u>3,619,755</u>		<u>3,551,495</u>
Total assets less current liabilities			7,098,236		7,048,545
Non-current liabilities					
Lease liabilities			(3,574)		(2,879)
Deferred tax liabilities			<u>(85,713)</u>		<u>(81,026)</u>
NET ASSETS			<u>7,008,949</u>		<u>6,964,640</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 30 June 2024*

		At 30 June 2024		At 31 December 2023	
		(unaudited)		(audited)	
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CAPITAL AND RESERVES					
Share capital			1,754,801		1,754,801
Reserves			<u>5,262,201</u>		<u>5,215,776</u>
Total equity attributable to equity shareholders of the Company			7,017,002		6,970,577
Non-controlling interests			<u>(8,053)</u>		<u>(5,937)</u>
TOTAL EQUITY			<u>7,008,949</u>		<u>6,964,640</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 2024 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 2023 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 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 section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA to the interim financial report for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments")
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendments")
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial Instruments: Disclosures: Supplier finance arrangements*

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.

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 2024 and 2023 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	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property development	–	32	–	–	–	32
Property investment	87,045	83,773	–	–	87,045	83,773
Ferry, shipyard and related operations	89,543	69,801	620	642	88,923	69,159
Healthcare, medical aesthetic and beauty services	19,083	4,258	129	–	18,954	4,258
Securities investment	4,185	7,719	–	–	4,185	7,719
Others	91,401	77,313	44,941	34,079	46,460	43,234
	<u>291,257</u>	<u>242,896</u>	<u>45,690</u>	<u>34,721</u>	<u>245,567</u>	<u>208,175</u>
Analysed by:						
Revenue					210,743	171,269
Other revenue					<u>34,824</u>	<u>36,906</u>
					<u>245,567</u>	<u>208,175</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 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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property development	(2,966)	1,833
Property investment (note 3(d))	45,416	61,175
Ferry, shipyard and related operations	(2,975)	(3,865)
Healthcare, medical aesthetic and beauty services	(17,087)	(17,537)
Securities investment	<u>4,500</u>	<u>(3,374)</u>
	26,888	38,232
Others (note 3(e))	<u>45,548</u>	<u>45,653</u>
	<u>72,436</u>	<u>83,885</u>

(c) Reconciliation of reportable segment profit

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment profit derived from external customers	26,888	38,232
Other profit derived from external customers	45,548	45,653
Interest on lease liabilities	(218)	(149)
Share of profits of associates and joint ventures (net)	<u>23,399</u>	<u>17,395</u>
Profit before taxation in the consolidated statement of profit or loss	<u>95,617</u>	<u>101,131</u>

(d) The segment result of the “Property investment” included valuation gains on investment properties of HK\$2,020,000 (2023: HK\$21,196,000).

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

4. OTHER NET INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Change in fair value of other financial assets designated at fair value through profit or loss	3,394	(4,408)
Sundry income	2,632	1,962
Income from sale of spare parts	296	481
Net exchange (losses)/gains	(4)	5
Construction cost adjustment (<i>note</i>)	–	5,239
Gain on lease modifications	–	494
	<u>6,318</u>	<u>3,773</u>

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

5. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Amortisation of leasehold land premium	685	685
Cost of inventories	10,287	9,383
Depreciation		
– owned property, plant and equipment	5,463	5,174
– right-of-use assets	3,474	4,456
Dividend income from listed investments	(1,329)	(1,229)
Interest income	(48,418)	(48,774)

6. TAXATION

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	3,427	5,479
Deferred tax		
Origination and reversal of temporary differences	<u>4,710</u>	<u>7,661</u>
	<u>8,137</u>	<u>13,140</u>

6. TAXATION (Continued)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) to the estimated assessable profits for the six months ended 30 June 2024, 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 2023.

7. DIVIDENDS

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interim dividend declared and paid after the interim period of HK10 cents (2023: 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	
	2024	2023
	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 2023: 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\$Nil (six months ended 30 June 2023: HK\$1.00) per ordinary share	<u>–</u>	<u>356,274</u>
	<u>53,441</u>	<u>409,715</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\$89,596,000 (six months ended 30 June 2023: HK\$90,027,000) and 356,273,883 (2023: 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 2024 and 2023, therefore diluted earnings per share are the same as basic earnings per share for both periods.

9. TRADE AND OTHER RECEIVABLES

(a) Non-current

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Instalment receivables	84,700	88,489
Other receivables and prepayments	<u>2,481</u>	<u>2,481</u>
	<u>87,181</u>	<u>90,970</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) Current

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Trade receivables	68,654	57,840
Instalment receivables	2,447	2,480
Less: loss allowance	<u>(2,651)</u>	<u>(2,651)</u>
	68,450	57,669
Other receivables and prepayments	82,861	77,426
Amounts due from joint ventures	<u>31,911</u>	<u>29,035</u>
	<u>183,222</u>	<u>164,130</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\$66,947,000 (31 December 2023: HK\$55,874,000) 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:

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Current	39,976	30,397
1 to 3 months overdue	26,278	26,082
More than 3 months but less than 12 months overdue	1,957	1,173
More than 12 months overdue	<u>239</u>	<u>17</u>
	<u>68,450</u>	<u>57,669</u>

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\$20,643,000 (31 December 2023: HK\$18,995,000) are expected to be settled within one year. Included in the trade and other payables are amounts due to related companies of HK\$23,600,000 (31 December 2023: HK\$19,938,000) 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:

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Due within 1 month or on demand	111,503	131,004
Due after 1 month but within 3 months	1,002	1,265
Due after 3 months but within 12 months	–	–
More than 12 months	<u>16</u>	<u>2</u>
	<u>112,521</u>	<u>132,271</u>

INTERIM RESULTS AND DIVIDENDS

The unaudited consolidated net profit after taxation of the Group for the six months ended 30 June 2024 amounted to HK\$87.5 million, which was in line with that for the corresponding period in 2023. Earnings per share was HK\$0.25, which was the same as the figure over the corresponding period of last year. Excluding the fair value change of the investment properties, the Group's underlying profit attributable to shareholders for the period under review was HK\$85.5 million, representing an increase of 28% from the same period last year.

The Board of Directors (the "Board") has declared an interim dividend of HK10 cents per share (2023: interim dividend of HK10 cents per share) in respect of the year ending 31 December 2024. The interim dividend will be paid on Friday, 27 September 2024 to shareholders whose names appear on the register of members at the close of business on Thursday, 12 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the Group's operating profit was mainly derived from the rent of shops and commercial arcades as well as interest income from banks. The Group had no borrowings.

Property Development and Investment Operations

The gross rental income during the period under review arising from the shops and commercial arcades of the Group amounted to HK\$63 million, an increase of 6% as compared with the same period last year. At the end of the reporting period, the commercial arcades of Shining Heights, The Spectacle and Metro6 were fully let, and the occupancy rates of Green Code Plaza and Metro Harbour Plaza were 72% and 95% respectively. The increase in gross rental income and change of the occupancy rates were mainly attributed to the change in tenant mix.

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

During the first half of 2024, two residential units were sold. The remaining residential units and car parking spaces will be offered for sale.

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

The Group's redevelopment project "The Symphonie" in Cheung Sha Wan provides a residential gross floor area of about 100,698 square feet. The certificate of compliance was obtained in November last year. The interior fitting-out works are basically completed. Preparations for strata sale or rent will soon be in place. Due to the strong demand in the rental market in Hong Kong, rental yield rates have increased. Some units may be used for rental purposes to increase the Group's regular income.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Ferry, Shipyard and Related Operations

During the period under review, the Ferry, Shipyard and Related Operations recorded a deficit of HK\$3 million, a decrease of 23% as compared to the deficit in the same period last year. This was mainly due to the increase in fare for operating the “North Point - Kwun Tong” dangerous goods vehicular ferry service since 28 January 2024 approved by the Transport Department, as well as the sustained recovery of Hong Kong’s tourism industry, which has helped to boost Harbour Cruise - Bauhinia business.

Healthcare, Medical Aesthetic and Beauty Services

The number of customers of the “AMOUR” medical aesthetic clinic located at Mira Place in Tsim Sha Tsui, with a floor area of about 12,000 square feet, has increased continuously since its opening. For the six months ended 30 June 2024, the turnover had increased by approximately 280% compared with the same period last year. As at 30 June 2024, HK\$12 million was recorded as payments received for prepaid packages, which in accordance with standard accounting practices had not been included in the income statement of the period under review.

The Group is gradually expanding its medical specialties businesses. In addition to collaborating with ICON, an international cancer care medical group, to set up a cancer centre at H Zentre in Tsim Sha Tsui, the Group has also established in the same building the “Total HealthCare Specialists Centre”, which provides specialised services in cardiology, surgery, orthopedics, plastic surgery, rheumatology and urology. The performance has been steadily on the rise and net profits have continued to be recorded during the period under review.

During the period under review, the Group launched its pain treatment business and provided services at Mira Place in Tsim Sha Tsui and Metro Harbour Plaza in Tai Kok Tsui respectively. The Group introduced advanced medical equipment in conjunction with professional registered chiropractors and sports therapists, to design personalised treatment plans for pain-suffering patients, which services were well received.

Prospects

Central banks around the world have adjusted their interest rates recently, with the European Central Bank and the Bank of England announcing 0.25 percentage cuts in June and August respectively. The Bank of Japan raised its interest policy rate to 0%–0.1% in March, ending the negative interest rate policy that had been in place since 2016, and then further raised the interest rate to 0.25% in July. The US Federal Reserve decided in their last meeting to maintain the federal fund target interest rate at 5.25%–5.5%. The US will hold presidential and congressional elections in November, which will not only affect its internal political situation, but also increase the global political and economic uncertainty. The outcome of the elections may change the US trade, foreign and economic policies, which in turn will affect global capital flows and overall investment environment.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospects (Continued)

Since the cancellation of all demand-side management measures for residential properties announced by the Hong Kong Government and the adjustments of macro measures announced by the Hong Kong Monetary Authority on 28 February this year, residential property market sentiment has improved for a short period with increased transaction volume. However, under the environment of relatively high interest rates, the property market has declined again in recent months. As for the domestic rental market, according to the Hong Kong Property Review by the Rating and Valuation Department, the territory-wide rental indices by class of private domestic in June 2024 increased by about 4% year-on-year, which ran contrary to the trend of property sale prices. The trend is expected to continue in the second half of the year.

With the commitment of the Hong Kong Government to promote mega event economy, it has launched many key projects, including the revamp of the light-and-sound show “A Symphony of Lights” and the regular organisation of pyrotechnic and drone shows, to attract tourists to Hong Kong and bring more leisure and entertainment choices to local residents. The Central Government announced in May this year that the Individual Visit Scheme for Hong Kong and Macau would be extended to eight more mainland cities, increasing the total number of cities eligible for the scheme to 59 and covering all provincial capital cities across China. The new policies can stimulate consumption, and boost various sectors such as tourism, hotel, dining and retail, contributing to the recovery of those industries. Furthermore, benefiting from various talent schemes by the Hong Kong Government, more than 130,000 talents have arrived in Hong Kong since the end of 2022, bringing additional demand for housing, medical, education and other aspects. Given sufficient time, the effectiveness of those advantageous measures will become apparent. Currently, due to the enthusiasm of the citizens to consume in the mainland, the local dining and retail businesses have declined. It will take some time for the trend to subside and the industries to adjust their strategies before there can be a turnaround.

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 the second half of the year.

Financial Review

Review of Results

During the six months ended 30 June 2024, the Group’s revenue amounted to HK\$211 million, representing an increase of 23% as compared with the same period last year. This was mainly attributable to the increase in income from the ferry, shipyard and related businesses as well as healthcare, medical aesthetic and beauty services.

The consolidated net profit after taxation of the Group for the six months ended 30 June 2024 was HK\$87.5 million, which was in line with the figure for the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Review (Continued)

Liquidity, Financial Resources and Capital Structure

As at 30 June 2024, shareholders' funds of the Group increased about 1% to HK\$7 billion as compared with the corresponding figure as at 31 December 2023. The increase was mainly due to the net effect of the profit realised from property leasing and deduction of the dividend payments.

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

As at 30 June 2024, current assets of the Group stood at HK\$3,847 million and current liabilities were HK\$227 million. Current ratio of the Group increased to 16.9 as at 30 June 2024. The increase was mainly attributed to the increase in trade and other receivables and the decrease 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 extended to the Group were denominated in Hong Kong dollar.

Employees and Remuneration Policy

As at 30 June 2024, the Group employed about 300 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, 11 September 2024 and Thursday, 12 September 2024, 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, 10 September 2024.

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.

OTHER INFORMATION (Continued)

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.

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 C1 to the Listing Rules throughout the six months ended 30 June 2024.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the code for dealing in securities of the Company by the directors of the Company. Having made specific enquiries, the Company confirmed that all directors of the Company have complied with the required standard as set out in the Model Code during the six months ended 30 June 2024.

The Company has also adopted written guidelines on no less exacting terms than the Model Code for relevant employees (including employees of the Company or directors or employees of its subsidiaries who, because of such office or employment, are 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 met in August 2024 and reviewed the accounting principles and practices adopted by the Group and 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 2024 has been reviewed with no disagreement by the Audit Committee.

The interim financial report for the six months ended 30 June 2024 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 2024. 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) and HKEXnews website (www.hkexnews.hk). The 2024 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, 20 August 2024

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.