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## **THE CROSS-HARBOUR (HOLDINGS) LIMITED**

**港通控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 32)**

### **2024 Interim Results Announcement**

The board of directors (the “Board”) of The Cross-Harbour (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024. The interim results have been reviewed by the audit committee of the Company and KPMG.

#### **GROUP RESULTS**

The Group’s unaudited profit attributable to shareholders for the first half of 2024 amounted to HK\$235.2 million, representing a decrease of 44.4% as compared to the profit of HK\$422.7 million recorded in the first half of 2023. Earnings per share were HK\$0.63 (30 June 2023: HK\$1.13).

#### **DIVIDENDS**

A first quarterly interim dividend of HK\$0.06 per share, absorbing a total amount of approximately HK\$22.4 million, was paid on 12 July 2024. The Board has today declared a second quarterly interim dividend of HK\$0.06 per share payable on 16 September 2024 to shareholders of the Company registered at the close of business on 10 September 2024.

#### **CLOSURE OF BOOKS**

The register of members and transfer books of the Company will be closed from Friday, 6 September 2024 to Tuesday, 10 September 2024, during which period no transfer of shares in the Company will be registered. In order to qualify for the second quarterly interim dividend, all transfer documents and accompanying share certificates must be lodged for registration with Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m., Thursday, 5 September 2024.

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
		<b>\$'000</b>	\$'000
			(restated)
<b>Continuing operations</b>			
Revenue from contracts with customers within the scope of HKFRS 15	4(a)	<b>382,308</b>	322,974
Revenue from other sources	4(a)	<b>19,961</b>	22,808
Interest revenue from debt securities measured at fair value through profit or loss	4(a)	-	13,818
Other interest revenue	4(a)	<b>67,916</b>	51,355
<b>Total revenue</b>		<b>470,185</b>	410,955
Other net gains	5	<b>116,879</b>	73,591
Direct costs and operating expenses		<b>(148,390)</b>	(127,349)
Selling and marketing expenses		<b>(14,451)</b>	(13,652)
Administrative and corporate expenses		<b>(121,050)</b>	(97,830)
Impairment losses on financial assets	6(b)	-	(16,602)
<b>Profit from operations</b>		<b>303,173</b>	229,113
Finance costs	6(a)	<b>(9,358)</b>	(6,143)
Share of profits of a joint venture		<b>845</b>	10,919
<b>Profit before taxation</b>	6	<b>294,660</b>	233,889
Income tax	7	<b>(22,315)</b>	(20,232)
<b>Profit for the period from continuing operations</b>		<b>272,345</b>	213,657
<b>Discontinued operation</b>			
Profit for the period from discontinued operation	8	<b>3,202</b>	246,729
<b>Profit for the period</b>		<b>275,547</b>	460,386

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>\$'000</b>	<b>\$'000</b>
			(restated)
<b>Attributable to:</b>			
Equity shareholders of the Company			
- from continuing operations		<b>231,970</b>	175,929
- from discontinued operation		<b>3,202</b>	246,729
		<u><b>235,172</b></u>	<u>422,658</u>
Non-controlling interests		<b>40,375</b>	37,728
<b>Profit for the period</b>		<u><b>275,547</b></u>	<u>460,386</u>
<b>Earnings per share</b>			
	9		
Basic and diluted		<u><b>\$0.63</b></u>	<u>\$1.13</u>
From continuing operations			
Basic and diluted		<u><b>\$0.62</b></u>	<u>\$0.47</u>
From discontinued operation			
Basic and diluted		<u><b>\$0.01</b></u>	<u>\$0.66</u>

Details of dividends payable to equity shareholders of the Company are set out in note 10.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2024	2023
<i>Note</i>	\$'000	\$'000 (restated)
<b>Profit for the period</b>	<b>275,547</b>	460,386
<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 measured at fair value through other comprehensive income (non-recycling)		
– Net changes in fair value of equity securities	<u>1,018</u>	<u>(2,373)</u>
Item that are or may be reclassified subsequently to profit or loss:		
– Share of other comprehensive income of a joint venture:		
– Exchange differences on translation of financial statements of subsidiary outside Hong Kong in a joint venture	<u>(16)</u>	<u>(104)</u>
<b>Other comprehensive income for the period</b>	<u>1,002</u>	<u>(2,477)</u>
<b>Total comprehensive income for the period</b>	<u><b>276,549</b></u>	<u><b>457,909</b></u>
<b>Attributable to:</b>		
Equity shareholders of the Company		
– from continuing operations	232,976	173,483
– from discontinued operation	3,202	246,729
	<u>236,178</u>	<u>420,212</u>
Non-controlling interests	40,371	37,697
<b>Total comprehensive income for the period</b>	<u><b>276,549</b></u>	<u><b>457,909</b></u>

# Consolidated Statement of Financial Position

As at 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

		30 June 2024		31 December 2023	
	Note	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment			475,946		519,764
Interest in an associate			2,474		2,474
Interest in a joint venture			160,579		159,750
Other financial assets	11		3,724,428		3,942,069
Deposits and prepayments	12		47,610		44,880
Deferred tax assets			1,313		1,163
			<u>4,412,350</u>		<u>4,670,100</u>
<b>Current assets</b>					
Interest in associate			18,397		15,195
Inventories			1,377		1,283
Other financial assets	11		1,082,698		984,143
Trade and other receivables	12		335,805		70,482
Amount due from a joint venture			-		9,000
Dividend receivable			9,323		851
Bank deposits and cash			2,677,142		2,764,791
			<u>4,124,742</u>		<u>3,845,745</u>
<b>Current liabilities</b>					
Trade and other payables	13		73,272		130,455
Contract liabilities			535,572		591,698
Lease liabilities			80,941		78,836
Taxation payable			17,755		4,911
Dividends payable			23,297		23,092
			<u>730,837</u>		<u>828,992</u>
<b>Net current assets</b>			<u>3,393,905</u>		<u>3,016,753</u>

# Consolidated Statement of Financial Position

As at 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

	<b>30 June 2024</b>	31 December 2023
<i>Note</i>	<b>\$'000</b>	\$'000
<b>Total assets less current liabilities</b>	<b>7,806,255</b>	7,686,853
<b>Non-current liabilities</b>		
Lease liabilities	229,432	270,023
Deferred tax liabilities	3,547	3,797
	<b>232,979</b>	273,820
<b>NET ASSETS</b>	<b>7,573,276</b>	7,413,033
 <b>CAPITAL AND RESERVES</b>		
Share capital	1,629,461	1,629,461
Reserves	5,710,096	5,585,724
<b>Total equity attributable to equity shareholders of the Company</b>	<b>7,339,557</b>	7,215,185
<b>Non-controlling interests</b>	<b>233,719</b>	197,848
<b>TOTAL EQUITY</b>	<b>7,573,276</b>	7,413,033

# Notes to the financial information:

(Expressed in Hong Kong dollars)

## 1 General information

The Cross-Harbour (Holdings) Limited (the “Company”) is a company incorporated in Hong Kong with limited liability under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

During the period, the principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are motoring school operations, treasury management and securities investment. The principal activity of the Company’s joint venture is electronic toll operation.

In the opinion of the directors of the Company, the immediate holding company of the Company is Rose Dynamics Limited, which is incorporated in the British Virgin Islands (“BVI”), and the ultimate holding company of the Company is Windsor Dynasty Limited, which is incorporated in the BVI. These entities do not produce financial statements available for public use.

## 2 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 interim financial report.

This 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, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 22 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report 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.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report 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 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 Companies Ordinance.

### 3 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period. None of these developments have had a material effect on 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.

### 4 Revenue and segment reporting

#### (a) Revenue

The principal activities of the Group are motoring school operation, treasury management and securities investment. Given below is an analysis of the revenue of the Group:

##### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by service lines is as follows:

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
		(restated)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by service lines:		
- Course fee from motoring school operation	379,908	320,574
- Consultancy fee and management fee from electronic toll operation	2,400	2,400
	<u>382,308</u>	<u>322,974</u>
<b>Revenue from other sources</b>		
- Dividend income from equity securities	19,673	21,857
- Others	288	951
	<u>19,961</u>	<u>22,808</u>
<b>Interest revenue from debt securities measured at fair value through profit or loss</b>	-	13,818
<b>Other interest revenue</b>		
- Interest income from interest-bearing instruments	3,590	3,570
- Interest income from banks	64,326	47,785
	<u>67,916</u>	<u>51,355</u>
<b>Total revenue</b>	<u>470,185</u>	<u>410,955</u>

- (ii) The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts under HKFRS 15, such that it does not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period, as (i) such unsatisfied performance obligation is part of a contract that has an original expected duration of one year or less; or (ii) the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date in accordance with the practical expedient in HKFRS 15.B16.



**(b) Segment reporting**

The Group manages its businesses by divisions which are organised by business lines (products and services). 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 reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Motoring school operation: this segment invests in subsidiaries which operate four designated driving training centres.
- Electronic toll operation: this segment invests in a joint venture which operates an electronic toll collection system, provides toll collection services for HKeToll, telematics services, and intelligent transportation and surveillance system solutions, and smart city services solutions in Hong Kong.
- Treasury management: this segment manages an investment portfolio, including unlisted funds, equity securities, debt securities, and cash and bank deposits, to receive investment returns.

The segment information reported below does not include any amounts for the discontinued operation, which is described in more detail in note 8, and the comparative figures in the segment information for the period ended 30 June 2023 have been restated.

**(i) Segment results and assets**

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

Segment assets include all tangible, intangible assets and current and non-current assets with the exception of other corporate assets.

Revenue and expenses are allocated to the reportable segments with reference to revenue 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.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2024 and 2023 is set out below.

	Motoring school Operation Six months ended 30 June		Electronic toll operation Six months ended 30 June		Treasury Management Six months ended 30 June		Total Six months ended 30 June (restated)	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers within the scope of HKFRS 15	379,908	320,574	2,400	2,400	—	—	382,308	322,974
Dividend income from equity securities	—	—	—	—	19,673	21,857	19,673	21,857
Interest revenue	19,935	16,385	89	8	47,892	48,780	67,916	65,173
<b>Reportable segment revenue</b>	<b>399,843</b>	<b>336,959</b>	<b>2,489</b>	<b>2,408</b>	<b>67,565</b>	<b>70,637</b>	<b>469,897</b>	<b>410,004</b>
<b>Reportable segment profit before tax</b>	<b>154,274</b>	<b>133,369</b>	<b>3,223</b>	<b>13,212</b>	<b>169,291</b>	<b>116,965</b>	<b>326,788</b>	<b>263,546</b>
Finance costs	(9,253)	(5,995)	—	—	(105)	(148)	(9,358)	(6,143)
Depreciation	(45,048)	(38,647)	—	—	(163)	(159)	(45,211)	(38,806)
Share of profits of a joint venture	—	—	845	10,919	—	—	845	10,919
Income tax	(22,175)	(20,081)	(140)	(140)	—	(11)	(22,315)	(20,232)
<b>Reportable segment assets at 30 June 2024 / 31 December 2023</b>	<b>1,531,716</b>	<b>1,490,188</b>	<b>166,465</b>	<b>178,823</b>	<b>6,799,423</b>	<b>6,808,770</b>	<b>8,497,604</b>	<b>8,477,781</b>



## 5 Other net gains

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Change in fair value of other financial assets at FVPL		
- Unlisted fund investments	<b>58,909</b>	53,240
- Listed equity securities	<b>116,839</b>	93,316
- Unlisted equity security	<b>(58,953)</b>	-
- Debt securities	<b>11</b>	(58,881)
- Treasury bills	-	2,526
- Derivative financial instruments	-	(16,737)
	<u><b>116,806</b></u>	<u>73,464</u>
Net gains on sale of property, plant and equipment	<b>73</b>	127
	<u><b>116,879</b></u>	<u>73,591</u>

## 6 Profit before taxation

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit before taxation is arrived at after charging:</b>		
<b>(a) Finance costs</b>		
Interest on lease liabilities	<u><b>9,358</b></u>	<u>6,143</u>
<b>(b) Other items</b>		
Depreciation		
- Owned property, plant and equipment	<b>9,739</b>	11,576
- Right-of-use assets	<b>38,090</b>	30,500
	<u><b>47,829</b></u>	<u>42,076</u>
Impairment losses recognised on financial assets		
- Interest bearing instruments	<u><b>-</b></u>	<u>16,602</u>
Contributions to defined contribution retirement scheme	<b>5,046</b>	4,665
Salaries, wages and other benefits (including directors' emoluments)	<b>172,699</b>	153,786
Cost of inventories consumed	<u><b>5,336</b></u>	<u>3,830</u>

## 7 Income tax

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Current tax – Hong Kong Profits Tax	22,715	19,205
Deferred tax	(400)	1,027
	<u>22,315</u>	<u>20,232</u>

The provision for Hong Kong Profits Tax is at 16.5% (2023: 16.5%) of the estimated assessable profits for the period, 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 \$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.

## 8 Discontinued operation

Western Harbour Tunnel Company Limited, a 50% owned associate, operates the Western Harbour Tunnel under a 30 years franchise. The franchise expired on 1 August 2023 and the ownership of the tunnel was transferred to the Government. The tunnel operation was classified as discontinued operation.

The results of the discontinued operation included in the profit for the period are set out below.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<b>Profit for the period from discontinued operation:</b>		
Management fee from an associate	-	1,250
Share of profit of an associate	3,202	245,479
	<u>3,202</u>	<u>246,729</u>
<b>Profit for the period from discontinued operation and attributable to ordinary equity shareholders of the Company</b>	<b><u>3,202</u></b>	<b><u>246,729</u></b>
<b>Cash flows from discontinued operation:</b>		
Net cash inflows from operating activities	-	1,250
Net cash inflows from investing activities	-	230,500
	<u>-</u>	<u>231,750</u>
<b>Net cash inflows</b>	<b><u>-</u></b>	<b><u>231,750</u></b>

## 9 Earnings per share

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to ordinary equity shareholders of the Company of \$235,172,000 (2023: \$422,658,000) and the weighted average of 372,688,000 ordinary shares (2023: 372,688,000 ordinary shares) in issue during the period.

Basic earnings per share are the same as diluted earnings per share as the Company has no dilutive potential shares.

## 10 Dividends

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

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
First quarterly interim dividend declared during the interim period of \$0.06 per share (2023: \$0.06 per share)	22,361	22,361
Second quarterly interim dividend declared after the interim period of \$0.06 per share (2023: \$0.06 per share)	22,361	22,361
	<u>44,722</u>	<u>44,722</u>

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

- (ii) Dividend payable to equity shareholders of the Company attributable to the previous financial year, declared and approved during the interim period

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Final dividend in respect of the previous financial year, declared and approved during the interim period of \$0.24 per share (2023: \$0.24 per share)	89,445	89,445

## 11 Other financial assets

	<i>Note</i>	<b>30 June 2024 \$'000</b>	31 December 2023 \$'000
<b><i>Non-current</i></b>			
<b>Financial assets measured at FVOCI (non-recycling)</b>			
– Equity securities listed in Hong Kong*	(i)	<u>54,241</u>	<u>53,223</u>
<b>Financial assets measured at FVPL</b>			
– Unlisted fund investments	(ii)	<u>3,640,939</u>	<u>3,800,645</u>
– An unlisted equity security		<u>29,248</u>	<u>88,201</u>
		<u><u>3,670,187</u></u>	<u><u>3,888,846</u></u>
		<u><u>3,724,428</u></u>	<u><u>3,942,069</u></u>
<b><i>Current</i></b>			
<b>Financial assets measured at amortised cost</b>			
– Unsecured, interest-bearing instruments		<u>60,000</u>	<u>60,000</u>
Less: loss allowance		<u>(60,000)</u>	<u>(60,000)</u>
		<u>-</u>	<u>-</u>
<b>Financial assets measured at FVPL</b>			
– Debt securities listed outside Hong Kong*		<u>322</u>	<u>311</u>
– Equity securities listed in Hong Kong*	(iii)	<u>819,412</u>	<u>726,966</u>
– Equity securities listed outside Hong Kong*	(iv)	<u>262,964</u>	<u>256,866</u>
		<u><u>1,082,698</u></u>	<u><u>984,143</u></u>
		<u><u>1,082,698</u></u>	<u><u>984,143</u></u>
<b>Total</b>		<u><u><u>4,807,126</u></u></u>	<u><u><u>4,926,212</u></u></u>

\* Fair value measured using unadjusted quoted price in active markets.

**Notes:**

- (i) The Group designated these investments at FVOCI (non-recycling), as they are held for strategic purposes. Net fair value gain of \$1,018,000 (30 June 2023: net fair value loss of \$2,373,000) was recognised in other comprehensive income and dividends amounted to \$556,000 (30 June 2023: \$578,000) were received and recognised in profit or loss during the period. Neither addition nor disposal was occurred during the period (30 June 2023: Nil).
- (ii) As at 30 June 2024, the Group's unlisted fund investments comprised 52 (31 December 2023: 55) private funds. The Group managed the price risk through diversification of investment portfolio. The underlying investments held by these funds include listed and unlisted equity securities, debt securities, structured financing products and venture capital deals in various regions, covering various industries and sectors including air freight, automobile, biotechnology, chemicals, e-Commerce, enterprise software, energy, healthcare and related services, information technology, internet services, industrials and infrastructure, logistic, pharmaceuticals and transportation. The fair value of these investments may change significantly based on broader macroeconomic conditions, overall capital and investment markets conditions, and factors associated with underlying assets within the private fund portfolio.
- (iii) As at 30 June 2024, the fair value of equity securities listed in Hong Kong and classified at FVPL amounted to \$819,412,000 (31 December 2023: \$726,966,000), and net fair value gain of \$92,446,000 (30 June 2023: net gain of \$58,276,000) was recognised in profit or loss for the period.
- (iv) As at 30 June 2024, the Group's investments in listed equity securities outside Hong Kong and classified at FVPL amounted to \$262,964,000 (31 December 2023: \$256,866,000) are equity securities listed in USA, UK, Japan and Canada, and net fair value gain of \$24,393,000 (30 June 2023: \$35,040,000) was recognised in profit or loss for the period.



## 12 Trade and other receivables and deposits and prepayments

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

	<i>Note</i>	At <b>30 June</b> <b>2024</b> <b>\$'000</b>	At 31 December 2023 \$'000
Within 1 month		<b>12,681</b>	12,274
1 to 3 months		<b>371</b>	342
Over 3 months		<b>216</b>	164
Trade receivables, net of loss allowance		<b>13,268</b>	12,780
Consideration receivables	(i)	<b>255,094</b>	-
Other receivables		<b>14,016</b>	14,553
Trade and other receivables		<b>282,378</b>	27,333
Deposits and prepayments (Note)		<b>101,037</b>	88,029
		<b>383,415</b>	115,362
Less: non-current portion	(ii)	<b>(47,610)</b>	(44,880)
		<b>335,805</b>	70,482

*Note:*

- (i) On 24 June 2024, the Group entered into sale and purchase agreements with independent third parties, pursuant to which the Group agreed to sell its investment in the partnerships of five unlisted funds for an aggregate purchase price of approximately \$316,251,000, out of which \$61,157,000 was received on 28 June 2024, and the remaining HK\$255,094,000 was recognised as consideration receivable and subsequently fully settled on 4 July 2024. The loss on disposal of \$10,226,000 has been included in the change in fair value of unlisted fund investments, as detailed in note 5 to the financial statements.
- (ii) As at 30 June 2024, included in deposits and prepayments of the Group is an amount of \$47,610,000 (31 December 2023: \$44,880,000) which is related to Group's deposits placed for the properties leased for own use as driving schools. These amounts are expected to be recovered or recognised as expense after more than one year.

### 13 Trade and other payables

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

	At <b>30 June</b> <b>2024</b> <b>\$'000</b>	At 31 December 2023 \$'000
Within 1 month	<b>1,938</b>	1,591
1 month to 3 months	<b>317</b>	289
Over 3 months but within 6 months	<b>5,342</b>	5,399
Trade payables	<b>7,597</b>	7,279
Other payables and accruals	<b>65,675</b>	123,176
	<b>73,272</b>	130,455

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

## **BUSINESS REVIEW AND PROSPECTS**

The Hong Kong economy has continued to recover in the first half of 2024, its GDP grew by 2.7% and 3.3% in the first quarter and the second quarter of 2024 respectively, moderating from 4.3% growth in the fourth quarter of 2023. The net exports mainly drove the economic growth. The value of exports and imports of goods for the first five months of 2024 have recorded a year-on-year increase of 12.5% and 7.4% respectively as the global trade environment improved. Because of the changes in consumption patterns of both visitors and residents, the value of total retail sales in April and May 2024 decreased by 14.7% and 11.4% respectively, compared with the same months in 2023. Faced with persistently high interest rates and rising financing costs, the investment sentiment has remained cautious and business expansion and fundraising activities have been discouraged in Hong Kong. The global economic uncertainties of recent years continue in 2024. The intensified strategic competition between China and the US, the war between Russia and Ukraine, and the conflict in Israel and Gaza, keep bringing much pressure on global trade growth, cross-border investment and financial markets. Looking ahead, the business environment of Hong Kong is stable and economic recovery should continue in the second half of 2024. Overall, the investment sentiment may improve as the major central banks are expected to cut interest rates later in the year, though the exact timing and magnitude of the cuts remain uncertain.

### **Motoring School Operation**

Alpha Hero Group (70% owned) operates driving training schools in Hong Kong. Operating income for the first half of 2024 increased by 18.5% compared to the last corresponding period primarily because of an increase in demand for non-motorcycle driving training at the designated driving schools and higher lesson income unit rate. The number of non-motorcycle driving lessons delivered for the first half of 2024 increased by 16.1% as compared to the last corresponding period. The increase in driving lessons for non-motorcycle training was the result of vigorous and proactive sales and marketing efforts, along with the implementation of a series of service and quality enhancement programs in the past years. The driving training market in the second half of 2024 might stagnate as the consumer sentiment in Hong Kong remains weak.

### **Electronic Toll Operation**

Autotoll (BVI) Limited (“Autotoll”), a jointly controlled entity, 50% owned by The Autopass Company Limited (a 70% owned subsidiary), provides toll collection service for HKetoll and operates electronic toll collection (“ETC”) system. Autotoll also provides telematics services, intelligent transportation and surveillance system solutions, and smart city service solutions in Hong Kong. HKeToll has been gradually implemented across all government-tolled tunnels and roads since May 2023, and the ETC system remains in operation for the privately owned Tai Lam Tunnel and will continue until the expiration of its franchise in 2025. During the first half of 2024, the total income from the HKeToll saw a 24.4% increase, while the administration fee income from ETC dropped by 75.0%. This was mainly due to the complete implementation of HKeToll from January 2024.

### **Treasury Management Business**

In the first half of 2024, the Group continued its efforts to diversify its investment portfolio by making capital contributions to various unlisted funds across different industries and regions. At the same time, the Group disposed of its interests in five unlisted funds and some US listed equity securities to realize the accumulated fair gain and strengthen the financial resources available for potential future investment opportunities. A portion of the proceeds from the disposal was reinvested in equity securities listed in Japan. As of 30 June 2024, the Group’s

investment portfolio consists of a total of 91 (31 December 2023: 92) investments, which comprised mainly 52 (31 December 2023: 55) investments in unlisted funds and 38 (31 December 2023: 36) investments in equity securities. Overall, the value of the Group's investment portfolio during the period decreased to HK\$4,807.1 million.

## **Commentary on Interim Results**

### ***(I) Review of 2024 Interim Results***

The Group's unaudited profit attributable to shareholders for the first half of 2024 amounted to HK\$235.2 million, representing a decrease of 44.4% as compared to a profit of HK\$422.7 million recorded in the first half of 2023. The decrease in profit was due to the tunnel operation discontinued in August 2023, which had contributed a profit of HK\$246.7 million in first half of 2023, and it fully offset the increase in profit contributions from treasury management business and motoring school operation.

The Group recorded a total revenue of HK\$470.2 million in the first half of 2024, representing an increase of 14.4% as compared to HK\$411.0 million from continuing operations recorded in the last corresponding period. The increase in total revenue was mainly due to the increase in revenue from motoring school operation.

#### *Performance of the treasury management segment for the first half of 2024*

The treasury management business achieved a net profit of HK\$169.3 million in the first half of 2024. This profit primarily consists of various components, including a net fair value gain of HK\$116.8 million on financial assets measured at fair value through profit or loss ("FVPL"), dividend income and interest income from investment portfolio of HK\$23.3 million, and interest income from bank of HK\$44.4 million. The overall performance of the treasury management segment was significantly increased during the current period as compared to the corresponding period in 2023.

The net fair value gain on financial assets measured at FVPL of HK\$116.8 million (30 June 2023: HK\$73.5 million) was mainly attributable to (i) the net fair value gain on unlisted fund investments of HK\$58.9 million (30 June 2023: HK\$53.3 million), (ii) the net fair value gain on listed equity securities of HK\$116.8 million (30 June 2023: HK\$93.3 million), and the fair value loss on an unlisted equity security of HK\$58.9 million (30 June 2023: nil).

The net fair value gain on listed equity securities measured at FVPL of HK\$116.8 million was attributable to (i) the net fair value gain of listed securities in Hong Kong of HK\$92.4 million (30 June 2023: HK\$58.3 million) and (ii) the net fair value gain of listed securities outside Hong Kong of HK\$24.4 million (30 June 2023: HK\$35.0 million). The net fair value gain of listed equity securities measured at FVPL mainly included the fair value gain of China Unicom (Hong Kong) Limited (Stock Code: 762) of HK\$56.8 million (30 June 2023: HK\$8.8 million), China Telecom Corporation Limited (Stock Code: 728) of HK\$46.7 million (30 June 2023: HK\$62.0 million) and the fair value gain of Apollo Global Management, Inc. (Stock Code: APO) of HK\$15.6 million (30 June 2023: HK\$9.1 million).

The net fair value gain on unlisted fund investments measured at FVPL of HK\$58.9 million comprised of (i) the fair value gain of 29 unlisted funds amounting to HK\$133.3 million and (ii) the fair value loss of 21 unlisted funds amounting to HK\$74.4 million.

During the current period, dividend income from listed equity securities decreased to HK\$19.7 million (30 June 2023: HK\$21.9 million), interest income derived from interest-bearing instruments maintained at HK\$3.6 million (30 June 2023: HK\$3.6 million), and interest income from listed debt securities was nil (30 June 2023: HK\$13.8 million). On the other hand, interest income from bank deposits increased to HK\$44.3 million (30 June 2023: HK\$31.4 million) during the current period. Additionally, the impairment loss on interest-bearing instruments was nil (30 June 2023: HK\$16.6 million) for the current period.

Performance of other reportable segments for the first half of 2024

The motoring school operation recorded an increase in revenue of 18.5% to HK\$379.9 million (30 June 2023: HK\$320.6 million) mainly due to an increase in demand for non-motorcycle driving lessons at the designated driving schools and higher lesson income unit rate. Bank interest income also increased to HK\$19.9 million (30 June 2023: HK\$16.4 million). Operating expenses increased during the current period mainly due to increase in staff cost, higher rental expenses, and no more subsidies received from the Hong Kong Government for COVID-19. Therefore, the profit before tax from the motoring school operation increased by 15.7% to HK\$154.3 million (30 June 2023: HK\$133.4 million).

The Group's share of profits of a joint venture, Autotoll (BVI) Limited, which provides toll collection services for HKeToll, telematics services, intelligent transport and surveillance system solutions and smart city service solutions, was HK\$0.8 million (30 June 2023: HK\$10.9 million). The decrease was mainly due to the drop of administration fee income from electronic toll collection.

**(II) Treasury Investments and Significant Investments Held**

As at 30 June 2024, the Group maintained an investment portfolio with a carrying amount of HK\$4,807.1 million (31 December 2023: HK\$4,926.2 million). The portfolio mainly composed of HK\$3,640.9 million (31 December 2023: HK\$3,800.7 million) unlisted fund investments and HK\$1,165.9 million (31 December 2023: HK\$1,125.2 million) listed and unlisted equity securities. Certain securities were pledged to a financial institution to secure margin and securities facilities granted to the Group in respect of securities and derivatives transactions. As at 30 June 2024 and 31 December 2023, these facilities were not utilised by the Group.

The movements in the investment portfolio held by the Group during the period

	1 January 2024	Addition	Disposal/ Distribution	Fair value change in OCI	Fair value change in profit and loss / ECL	30 June 2024
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
<b>Financial assets measured at FVOCI</b>						
– Listed equity securities	53.2	—	—	1.0	—	54.2
<b>Financial assets measured at FVPL</b>						
– Unlisted fund investments	3,800.7	149.7	(368.4)	—	58.9	3,640.9
– Listed equity securities	983.8	101.1	(119.3)	—	116.8	1,082.4
– Unlisted equity security	88.2	—	—	—	(58.9)	29.3
– Listed debt security	0.3	—	—	—	—	0.3
	4,873.0	250.8	(487.7)	—	116.8	4,752.9
	4,926.2	250.8	(487.7)	1.0	116.8	4,807.1

The aggregate value of the investment portfolio decreased by HK\$119.1 million during the period.

During the period, the additions of financial assets amounted to HK\$250.8 million, which consisted of investments in 27 unlisted funds amounting to HK\$149.7 million and investments in 7 listed equity securities amounting to HK\$101.1 million.

During the period, the disposals of financial assets amounted to HK\$487.7 million, which consisted of divestments of 17 unlisted funds amounting to HK\$368.4 million and divestments of 6 listed equity securities amounting to HK\$119.3 million.

Other movements in the investment portfolio during the period included a net fair value gain on financial assets measured at FVPL of HK\$116.8 million and a net fair value gain on financial assets measured at FVOCI of HK\$1.0 million.

*Significant investments of individual fair value of 5% or above of the Group's total assets*

*Diversified Absolute Return Fund*

Diversified Absolute Return Fund (“DARF”) is an unlisted fund managed by asset managers who applied various investment strategies to accomplish their investment objectives. The principal business of DARF is to invest for returns from capital appreciation and investment income, either through the use of special purpose vehicles or by investing directly. As at 30 June 2024, the Group held about 41,805 class A shares and 26,700 class E1 shares of DARF and recorded a fair value of HK\$681.2 million (31 December 2023: HK\$711.5 million) in respect of its holding in 29.9% of the shares of such investment, which exceeded the purchase cost of HK\$610.2 million for such investment and represented 8.0% of the Group's total assets and 14.2% of the aggregate fair value of the Group's investment portfolio. In terms of performance, a fair value loss of HK\$12.4 million (30 June 2023: HK\$21.0 million) on such investment was recognised in profit or loss for the period. Distribution of HK\$17.9 million was received from such investment for the period (30 June 2023: nil).

Other than the significant investments mentioned above, the carrying amount of each of the financial assets of the Group's investment portfolio represented less than 5% of the Group's total assets as at 30 June 2024. Other financial assets mainly composed of unlisted fund investments and equity securities (accounting for 61.5% and 24.3% of the carrying amount of the Group's investment portfolio respectively).

The Group invested in diverse unlisted funds with different focuses on industries, sectors, regions, and asset types, in order to achieve investment objectives of reducing investment concentration risk and to enhance returns for its shareholders. Apart from the significant unlisted fund “DARF” mentioned above, the Group at 30 June 2024 held a total of 52 unlisted funds with an aggregate fair value of HK\$2,959.7 million (accounting for 34.7% of the Group's total assets). The underlying investments include listed and unlisted equity securities, debt securities, private equity funds, structured products and venture capital deals in various regions, covering various industries and sectors including air freight, automobile, biotechnology, chemicals, e-Commerce, enterprise software, energy, healthcare and related services, information technology, internet services, industrials and infrastructure, logistic, pharmaceuticals and transportation.

Equity securities held by the Group at 30 June 2024 comprised a total of 38 listed and unlisted equity securities with an aggregate fair value of HK\$1,165.9 million (accounting for 13.7% of the Group's total assets) covering various industry sectors including telecommunications, information technology, e-

Commerce, software, biotechnology, materials, financial services, securities investment, asset management, port operation, property (development, investment and management), healthcare and related services, industrial and infrastructure. The listed equity securities are listed in various stock exchanges including Hong Kong, the United States, United Kingdom, Japan and Canada.

The Group's investment objective is to increase the value of its treasury management business so as to enhance returns for its shareholders. Through a prudent strategy of maintaining an appropriate mix of different types of investment instruments in its portfolio mainly comprising unlisted funds providing higher growth with a medium to long term horizon, and equity securities providing liquidity, capital appreciation and stable and recurring income, the Group seeks not only to enhance its source of revenue in order to mitigate the risks of losing income from any one particular source, but also to achieve consistent risk-adjusted returns in its investment portfolio.

The future prospects of the Group's unlisted funds and equity securities will be subject to various factors, including but not limited to political, economic, technology, financial and risk factors that are specific to individual industry sectors of the investments and will therefore vary from one investment to another depending on the overall capital and investment market conditions, macroeconomic conditions as well as the prospects of the relevant industry. However, the Group will benefit from a portfolio constructed of different kinds of investments aiming to, on average, yield higher long-term returns and lower the risk associated with any individual investment.

### ***(III) Liquidity and Financial Resources***

As at 30 June 2024, the Group had bank balances and deposits in the amount of HK\$2,677.1 million (31 December 2023: HK\$2,764.8 million). The Group did not have any bank borrowings as at 30 June 2024 (31 December 2023: nil). The gearing ratio, if any, is calculated as the ratio of net bank borrowings to total equity. Except for the Group's bank deposits denominated in foreign currencies other than the United States dollars, the Group's major sources of income and major assets are denominated in Hong Kong dollars and United States dollars.

### ***(IV) Employees***

The Company and its subsidiaries have 656 employees. Employees are remunerated according to job nature and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. Apart from provident fund schemes, medical insurance, discretionary bonuses or employee share options will be awarded to employees of the Group at the discretion of the board of directors, depending upon the financial performance of the Group. Total staff costs for the current period amounted to HK\$177.7 million (30 June 2023: HK\$158.5 million).

## **CORPORATE GOVERNANCE CODE**

Throughout the six months ended 30 June 2024, the Company complied with the code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix C1 to the Main Board Listing Rules (the “Listing Rules”) save for the deviation described below.

The Company has no formal letters of appointment for directors except the managing director setting out the key terms and conditions of their appointment, and has therefore deviated from C.3.3 of the CG Code. This notwithstanding, every director, including those appointed for a specific term, shall be subject to retirement by rotation, removal, vacation or termination of the office as a director, and disqualification to act as a director in the manner specified in the Company’s articles of association, applicable laws and the Listing Rules. Shareholders are sent (at the same time as the notice of the relevant general meeting) a circular containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the re-election of each retiring director who stands for re-election at the meeting, including the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted codes of conduct regarding securities transactions by directors and by relevant employees (within the meaning of the CG Code) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “Model Code”).

All directors confirmed that they had complied with the required standard set out in the Model Code and the Company’s code of conduct regarding directors’ securities transactions throughout the period.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares in the Company during the period.

On behalf of the Board  
**Yeung Hin Chung, John**  
*Managing Director*

Hong Kong, 22 August 2024

As at the date hereof, the Board comprises Cheung Chung Kiu, Yeung Hin Chung, John, Yuen Wing Shing, Wong Chi Keung, Leung Wai Fai and Tung Wai Lan, Iris who are executive directors; and Ng Kwok Fu, Leung Yu Ming, Steven and Wong Lung Tak, Patrick who are independent non-executive directors.