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)

2016 INTERIM RESULTS ANNOUNCEMENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016 – unaudited

		Six months ended 30 June	
		2016	2015
	Note	***HK$'000***	*HK$'000*
Revenue	*3(a)*	**294,046**	802,757
Direct costs		**(151,105)**	(560,006)
		142,941	242,751
Other revenue	*3(a)*	**21,627**	18,987
Other net income	*4*	**33,724**	36,726
Valuation gains on investment properties	*3(d)*	**46,306**	15,192
Impairment loss on available-for-sale securities		**(46,281)**	(10,035)
Selling and marketing expenses		**(17,578)**	(56,584)
Administrative expenses		**(24,905)**	(24,522)
Other operating expenses		**(8,927)**	(11,435)
Profit from operations	*3(b)*	**146,907**	211,080
Share of profits less losses of associates		**290**	401
Profit before taxation	*5*	**147,197**	211,481
Taxation	*6*	**(23,502)**	(31,946)
Profit attributable to equity shareholders of the Company		**123,695**	179,535
Earnings per share *(HK$)*			
– Basic and diluted	*9*	**0.35**	0.50

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 2016 – unaudited

		Six months ended 30 June	
		2016	2015
	Note	***HK$'000***	*HK$'000*
Profit attributable to equity shareholders of the Company		**123,695**	179,535
Other comprehensive income for the period (after tax and reclassification adjustments):	*8*		
Item that may be reclassified subsequently to profit or loss:			
Available-for-sale securities:			
net movement in securities revaluation reserve		**(18,022)**	34,512
Total comprehensive income attributable to equity shareholders of the Company		**105,673**	214,047

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2016

	Note	At 30 June 2016 (unaudited) HK$'000	At 30 June 2016 (unaudited) HK$'000	At 31 December 2015 (audited) HK$'000	At 31 December 2015 (audited) HK$'000
Non-current assets					
Investment properties			**2,037,655**		2,001,100
Other property, plant and equipment			**59,443**		61,407
Interest in leasehold land			**42,453**		43,138
			2,139,551		2,105,645
Interest in associates			**10,750**		11,121
Available-for-sale securities			**840,092**		827,680
Deferred tax assets			**4,967**		5,152
			2,995,360		2,949,598
Current assets					
Inventories		**468,805**		492,906	
Trade and other receivables	*10*	**471,325**		213,490	
Other financial assets		**–**		90,375	
Cash and bank balances		**2,082,986**		2,391,857	
Tax recoverable		**35,277**		35,283	
		3,058,393		3,223,911	
Current liabilities					
Trade and other payables	*11*	**280,565**		261,308	
Tax payable		**55,001**		210,798	
		335,566		472,106	
Net current assets			**2,722,827**		2,751,805
Total assets less current liabilities			**5,718,187**		5,701,403
Non-current liabilities					
Net employee retirement benefits liabilities		**5,195**		4,330	
Deferred tax liabilities		**47,845**	**53,040**	44,968	49,298
NET ASSETS			**5,665,147**		5,652,105
CAPITAL AND RESERVES					
Share capital			**1,754,801**		1,754,801
Reserves			**3,910,346**		3,897,304
TOTAL EQUITY			**5,665,147**		5,652,105

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 2016 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 2015 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 2015 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 HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to HKFRSs 2012 – 2014 Cycle*
- Amendments to HKAS1, *Presentation of financial statements: Disclosure initiative*

These developments have had no material impact on the Group's 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: leasing of properties.

- Ferry, shipyard and related operations: operation of dangerous goods vehicular ferry service, cruise vessels and ship repairs and maintenance services.

- Travel operation: management and operation of travel agency services.

- Securities investment: debt and equity securities investments.

Segment information is presented only in respect of the Group's business segments. No geographical analysis is shown as less than 10% of the Group's revenue and profit from operations were derived from activities outside 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 2016 and 2015 about these reportable segments is presented below:

(a) Segment revenue

	Total revenue Six months ended 30 June		**Elimination of inter-segment revenue Six months ended 30 June**		**Revenue from external customers Six months ended 30 June**	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Property development	**123,387**	650,180	**–**	–	**123,387**	650,180
Property investment	**58,848**	43,003	**–**	21	**58,848**	42,982
Ferry, shipyard and related operations	**78,977**	66,498	**1,487**	2,149	**77,490**	64,349
Travel operation	**39,628**	50,171	**117**	158	**39,511**	50,013
Securities investment	**7,864**	3,717	**–**	–	**7,864**	3,717
Others	**38,749**	39,737	**30,176**	29,234	**8,573**	10,503
	347,453	853,306	**31,780**	31,562	**315,673**	821,744
Analysed by:						
Revenue					**294,046**	802,757
Other revenue					**21,627**	18,987
					315,673	821,744

The principal activities of the Group are property development, property investment, ferry, shipyard and related businesses, travel operation 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.

(b) Segment result

	Reportable segment profit Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Property development	**106,678**	134,504
Property investment *(note 3(d))*	**78,828**	36,318
Ferry, shipyard and related operations	**4,386**	8,760
Travel operation	**(5,060)**	(4,767)
Securities investment	**(43,914)**	28,648
Others *(note 3(e))*	**5,989**	7,617
	146,907	211,080

3. **SEGMENT REPORTING** (Continued)

Segment results (Continued)

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Reportable segment profit derived from external customers	**146,907**	211,080
Share of profits less losses of associates	**290**	401
Profit before taxation in the consolidated statement of profit or loss	**147,197**	211,481

(d) The segment result of the "Property investment" included valuation gains on investment properties of HK$46,306,000 (2015: HK$15,192,000).

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

4. **OTHER NET INCOME**

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Costs adjustment *(note)*	**34,151**	–
Net profit on disposal of available-for-sale securities	**5,291**	33,956
Net loss on disposal of financial assets designated at fair value through profit or loss	**(10,040)**	–
Net profit on disposal of investment properties	**2,508**	–
Income from sale of spare parts	**215**	477
Net exchange gains	**55**	216
Net unrealised gains on financial assets designated at fair value through profit or loss	**–**	1,743
Sundry income	**1,544**	334
	33,724	36,726

Note: Costs 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 2016.

5. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Amortisation of leasehold land premium	**685**	685
Cost of inventories	**39,221**	463,537
Depreciation	**2,896**	2,961
Dividend income from listed investments	**(5,409)**	(2,550)
Interest income	**(11,279)**	(14,044)

6. TAXATION

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**21,580**	26,131
Over-provision in respect of prior year	**(1,140)**	(26)
	20,440	26,105
Deferred tax		
Origination and reversal of temporary differences	**3,062**	5,841
	23,502	31,946

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2015: 16.5%) to the six months ended 30 June 2016.

7. DIVIDENDS

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Interim dividend declared and paid after the interim period of HK10 cents (2015: HK10 cents) per ordinary share	**35,627**	35,627

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

7. **DIVIDENDS** (Continued)

(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	
	2016	2015
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK26 cents (six months ended 30 June 2015: HK26 cents) per ordinary share	**92,631**	92,631
Second special dividend in respect of the previous financial year, approved and paid during the following interim period, of Nil (six months ended 30 June 2015: HK30 cents) per ordinary share	**–**	106,882
	92,631	199,513

8. **OTHER COMPREHENSIVE INCOME**

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Available-for-sale securities:		
Changes in fair value recognised during the period	**(121,245)**	57,277
Reclassification adjustments for amounts transferred to profit or loss:		
– profit on disposal	**56,942**	(32,800)
– impairment losses	**46,281**	10,035
Net movement in the securities revaluation reserve during the period recognised in other comprehensive income	**(18,022)**	34,512

Tax effect of the above components of other comprehensive income is HK$Nil.

9. **EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$123,695,000 (six months ended 30 June 2015: HK$179,535,000) and 356,273,883 (2015: 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 2016 and 2015, therefore diluted earnings per share are the same as basic earnings per share for both periods.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2016 (unaudited) *HK$'000*	At 31 December 2015 (audited) *HK$'000*
Trade receivables	**260,538**	151,041
Less: allowance for doubtful debts	**(2,070)**	(2,070)
	258,468	148,971
Cash held by stakeholders	**148,972**	18,078
Other receivables and prepayments	**63,885**	46,441
	471,325	213,490

All of the trade and other receivables except for instalment receivables of HK$120,992,000 (31 December 2015: HK$88,643,000) 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$48,148,000 (31 December 2015: HK$37,111,000) which are unsecured, interest-free and have no fixed terms of repayment.

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

	At 30 June 2016 (unaudited) *HK$'000*	At 31 December 2015 (audited) *HK$'000*
Current	**235,763**	125,133
1 to 3 months overdue	**20,369**	19,566
More than 3 months but less than 12 months overdue	**2,322**	4,265
More than 12 months overdue	**14**	7
	258,468	148,971

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.

11. TRADE AND OTHER PAYABLES

All of the trade and other payables except for an amount of HK$12,424,000 (31 December 2015: HK$12,492,000) are expected to be settled or recognised as income within one year. Included in the trade and other payables are amounts due to related companies of HK$80,766,000 (31 December 2015: HK$178,573,000) which are unsecured, interest-free and repayable within 30 - 45 days or have no fixed terms of repayment.

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 2016 (unaudited) ***HK$'000***	At 31 December 2015 (audited) *HK$'000*
Due within 1 month or on demand	**102,510**	205,403
Due after 1 month but within 3 months	**872**	1,053
Due after 3 months but within 12 months	**6**	7
More than 12 months	**9**	9
	103,397	206,472

12. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) After the end of the reporting period, the directors declared the interim dividend. Further details are disclosed in note 7(a).

(b) On 14 July 2016, the Company, entered into a sale and purchase agreement (the "S&P Agreement") with Miramar Travel Limited ("Miramar Travel"), being a related party of the Group, in relation to (i) the Company agreed to sell, and Miramar Travel agreed to purchase, all the issued shares of HYFCO Travel Agency Limited ("HYFCO Travel"), a direct wholly-owned subsidiary of the Company, together with its direct wholly-owned subsidiary, HYFCO Travel Agency (Macau) Limited ("HYFCO Travel Group"), which is principally engaged in the travel business in Hong Kong and Macau; and (ii) the transfer and assignment by the Company, and the taking of the assignment by Miramar Travel, of the benefit of all amounts of shareholder's loan owing by HYFCO Travel to the Company immediately prior to completion of the sale and purchase in accordance with the terms and conditions of the S&P Agreement, at an aggregate consideration based on an agreed value of HK$5,000,000, subject to adjustments.

The sale and purchase has not yet completed up to the date of approval of the interim financial report and would be subject to the fulfilment of certain conditions precedent. The above transactions constituted a discloseable and connected transaction under the Listing Rules. Details of the transactions were disclosed in the Company's announcements dated 10 June 2016 and 14 July 2016.

(c) On 8 August 2016, Win Standard Enterprises Limited (the "Joint Venture Company"), a joint venture company held indirectly by the Company as to 50% and Empire Group Holdings Limited ("Empire Group"), an independent third party, as to 50%, received an acceptance letter from the Lands Department of the Government of the Hong Kong Special Administrative Region (the "Government") confirming that the Joint Venture Company's tender submitted for Tuen Mun Town Lot No. 547 located at Castle Peak Road, Castle Peak Bay, Area 48, Tuen Mun, New Territories (the "Land") at a land premium of HK$2,709 million (the "Land Premium") had been accepted by the Government. The balance of the Land Premium would be payable by early September 2016. A memorandum of agreement would be expected to be entered into between the Government and the Joint Venture Company.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period's presentation.

INTERIM RESULTS AND DIVIDENDS

The unaudited consolidated net profit after taxation of the Group for the six months ended 30 June 2016 amounted to HK$124 million, representing a decrease of 31% as compared with the figure for the first half year of 2015. Earnings per share amounted to HK$0.35 as compared with HK$0.50 over the corresponding period of 2015.

The Board declared an interim dividend of HK10 cents per share (2015: interim dividend of HK10 cents per share) in respect of the year ending 31 December 2016. The interim dividend will be paid on or about Thursday, 29 September 2016 to shareholders whose names appear on the register of members at the close of business on Tuesday, 20 September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the profit of the Group was mainly derived from the sale of residential units in Green Code and Shining Heights.

Property Development and Investment Operations

During the period, the profit of the Group from the sale of Green Code and Shining Heights amounted to HK$84 million. At the end of the reporting period, the unsold units of Green Code and Metro6 were 8 units and 12 units respectively.

The gross rental income from the commercial arcades of the Group amounted to HK$43 million during the period. The leasing status of the commercial properties of the Group was satisfactory. At the end of the reporting period, the commercial arcades of Shining Heights and The Spectacle were fully let whereas the occupancy rate of commercial arcades of Metro Harbour Plaza was 97%. The commercial podium of Green Code consists of two floors with a total gross floor area of approximately 136,000 sq. ft. and the committed tenancy was around 73%. The commercial podium of Metro6 has a gross floor area of approximately 10,000 sq. ft. and the occupancy rate was 97%.

The presale of Harbour Park was launched in January 2016 and the response was satisfactory. At present, 68% of the residential units of Harbour Park had been sold.

Ferry, Shipyard and Related Operations

During the period, the Ferry, Shipyard and Related Operations recorded a profit of HK$4.4 million, a decrease of 50% as compared with the same period last year. The decrease was mainly due to increased expenditure resulting from major repair and maintenance of ferry.

Business Review (Continued)

Travel Operation

The operating results of Travel Operation recorded a deficit of HK$5.1 million this period, representing an increase of 6% in deficit as compared with the same period last year. Due to the fact that small scale operations in travel business were not efficient enough to generate decent profits, the Company had decided to sell the travel business to Miramar Travel Limited, an affiliate of the Henderson Land Group in June 2016 at a consideration of HK$5 million, subject to adjustments. A Letter of Intent was signed on 10 June 2016 and the relevant sale and purchase agreement was signed on 14 July 2016. The sale is expected to be completed this year.

Securities Investment

During the period, a loss of HK$44 million in securities investment was recorded, mainly due to the poor performance of the Hong Kong stock market in the first half of the year and the effect of the news of Brexit near the end of the reporting period, necessitating impairment on securities investments.

Prospects

The Hong Kong economy continued to moderate in the first half of the year. The GDP in second quarter grew modestly by 1.7% in real terms over a year earlier. The continual decrease in the number of visitors from the Mainland China coupled with the decline in local consumer spending resulted in lackluster retail business. For the first half of the year, the value of total retail sales decreased by 10.5% compared with the same period in 2015. The value of sales of luxurious goods decreased significantly by 21%. As regards property sale, the number of transactions was sluggish in the first half of the year. The number of property transactions decreased by 38% to approximately 20,000 as compared with last year.

Following the referendum of the UK to leave the European Union, the immediate response of the global central banks was cautiousness in their economic outlook. The quantitative easing of Europe, the UK and Japan was generally interpreted to continue or expand. As a result of forecast low interest rates, the confidence of local property buyers was enhanced, leading to the improvement in the number of property transactions and pricing of residential units.

On 8 August 2016, the Group through its 50%-50% partnership with Empire Group Holdings Limited which is owned by Dr. Walter, Kwok Ping Sheung, successfully bid for the land at Tuen Mun Town Lot No. 547 at Castle Peak Road, Castle Peak Bay, Area 48, Tuen Mun, New Territories at a land premium of HK$2,708.80 million. The area of the land was approximately 165,766 square feet with a gross floor area of approximately 663,062 square feet. It is expected to be developed into 1,800 condominiums by phases within six years. The land is situate facing Harrow International School Hong Kong at the back and Gold Coast in the front. The scenery of the land is good and transportation convenient. It is suitable for the construction of medium to small residential units. It is expected that the project would bring reasonable return to the Group in future.

Financial Review

Review of Results

During the six months ended 30 June 2016, the Group's revenue amounted to HK$294 million, representing a decrease of 63% as compared with that recorded in the same period last year. This was mainly attributable to the decrease in the sale of the residential units of Green Code and Metro6.

The consolidated net profit after taxation of the Group for the six months ended 30 June 2016 was HK$124 million, representing a decrease of 31% as compared with a profit of HK$180 million for the same period last year. The reason for the decrease is already mentioned in the section of Management Discussion and Analysis of this announcement.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2016, shareholders' funds of the Group amounted to HK$5,665 million, representing a slight increase of 0.2% as compared with the corresponding figure as at 31 December 2015. The increase was mainly due to the net effect of the proceeds realised from the sale of Green Code and Shining Heights, the gains on revaluation of the Group's investment properties, impairment loss on securities and the payment of dividends.

There was no change to the capital structure of the Group during the period. As at 30 June 2016, the Group had no borrowing.

There was no material acquisition or disposal of any subsidiary or associate during the period. A net repayment of approximately HK$0.5 million was received from an associate, which provided mortgage loans to buyers of Metro Harbour View residential units.

As at 30 June 2016, current assets of the Group stood at HK$3,058 million and current liabilities was HK$336 million. Current ratio of the Group increased from 6.8 as at 31 December 2015 to 9.1 as at 30 June 2016, mainly due to the increase in trade and other receivables and decrease in tax payable.

Gearing Ratio and Financial Management

As there was no borrowing, gearing ratio was not shown. Assets of the Group were not charged to any third party during the period under review.

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

As at 30 June 2016, the Group employed about 270 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 will be closed on Monday, 19 September 2016 and Tuesday, 20 September 2016, during which period no requests for the 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 15 September 2016.

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.

Arrangement 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 or 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 maintain high standard of corporate governance. In the opinion of the Board of Directors (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 2016.

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 10 to the Listing Rules as the code for dealing in securities of the Company by the directors. 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 2016.

The Company has also adopted the 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 possess 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 A.6.4 of the Code.

OTHER INFORMATION (Continued)

Audit Committee

The Audit Committee has met in August 2016 and reviewed the accounting principles and practices adopted by the Group and have also discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial report for the six months ended 30 June 2016 with the management.

The interim financial report for the six months ended 30 June 2016 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 June 2016. The Remuneration Committee currently comprises four independent non-executive directors and two executive directors.

Publication of Interim Results and Interim Report

This interim results announcement is published on Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.hkf.com. The 2016 Interim Report of the Company will be dispatched to the shareholders of the Company and will be available on both websites in due course.

On behalf of the Board
Lam Ko Yin, Colin
Chairman

Hong Kong, 19 August 2016

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