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)

2019 INTERIM RESULTS ANNOUNCEMENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2019 – unaudited

		Six months ended 30 June	
		2019	2018 (note)
	Note	***HK$'000***	*HK$'000*
Revenue	*3(a)*	**170,481**	924,615
Direct costs		**(94,109)**	(591,252)
		76,372	333,363
Other revenue	*3(a)*	**26,313**	25,942
Other net income	*4*	**6,229**	634
Valuation gains on investment properties	*3(d)*	**15,900**	17,805
Selling and marketing expenses		**(311)**	(30,593)
Administrative expenses		**(25,150)**	(25,291)
Other operating expenses		**(1,098)**	(2,068)
Interest on lease liabilities		**(30)**	–
Profit from operations	*3(b)*	**98,225**	319,792
Share of profits less losses of associates		**304**	508
Share of loss of a joint venture		**(177)**	(5)
Profit before taxation	*5*	**98,352**	320,295
Taxation	*6*	**(11,867)**	(47,397)
Profit attributable to equity shareholders of the Company		**86,485**	272,898
Earnings per share *(HK$)* – Basic and diluted	*9*	**0.24**	0.77

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

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019 – unaudited

		Six months ended 30 June	
		2019	2018 (note)
	Note	***HK$'000***	*HK$'000*
Profit attributable to equity shareholders of the Company		**86,485**	272,898
Other comprehensive income for the period (after tax and reclassification adjustments):	*8*		
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)		**(1,623)**	(20,943)
Item that may be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income – net movement in securities revaluation reserve (recycling)		**5,025**	(2,923)
		3,402	(23,866)
Total comprehensive income attributable to equity shareholders of the Company		**89,887**	249,032

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

		At 30 June 2019 (unaudited)		At 31 December 2018 (audited) (note)	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Non-current assets					
Investment properties			**2,167,370**		2,151,470
Other property, plant and equipment			**52,934**		52,657
Interest in leasehold land			**38,346**		39,031
			2,258,650		2,243,158
Interest in associates			**6,873**		8,048
Interest in a joint venture			**1,363,986**		1,364,163
Other financial assets			**280,162**		337,304
Deferred tax assets			**3,526**		3,618
			3,913,197		3,956,291
Current assets					
Inventories		**1,142,846**		1,116,208	
Trade and other receivables	*10*	**322,269**		361,234	
Cash and bank balances		**951,295**		903,362	
Tax recoverable		**31,665**		37,349	
		2,448,075		2,418,153	
Current liabilities					
Trade and other payables	*11*	**128,197**		139,045	
Lease liabilities		**1,127**		–	
Tax payable		**44,041**		41,318	
		173,365		180,363	
Net current assets			**2,274,710**		2,237,790
Total assets less current liabilities			**6,187,907**		6,194,081
Non-current liabilities					
Net employee retirement benefits liabilities		**4,689**		4,003	
Lease liabilities		**690**		–	
Deferred tax liabilities		**62,298**	**67,677**	59,930	63,933
NET ASSETS			**6,120,230**		6,130,148
CAPITAL AND RESERVES					
Share capital			**1,754,801**		1,754,801
Reserves			**4,365,429**		4,375,347
TOTAL EQUITY			**6,120,230**		6,130,148

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

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 2019 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 2018 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 2018 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 a new Hong Kong Financial Reporting Standard ("HKFRS"), HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, 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 announcement.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

2. **CHANGES IN ACCOUNTING POLICIES** (Continued)

HKFRS 16, *Leases* (Continued)

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3.22%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 *HK$'000*	**Capitalisation of operating lease contracts** *HK$'000*	**Carrying amount at 1 January 2019** *HK$'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Other property, plant and equipment	52,657	1,082	53,739
Total non-current assets	**3,956,291**	**1,082**	**3,957,373**
Lease liabilities (current)	–	1,052	1,052
Current liabilities	**180,363**	**1,052**	**181,415**
Net current assets	**2,237,790**	**(1,052)**	**2,236,738**
Total assets less current liabilities	**6,194,081**	**30**	**6,194,111**
Lease liabilities (non-current)	–	78	78
Net assets	**6,130,148**	**(48)**	**6,130,100**

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 four 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.

– 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.

The segment information for the six months ended 30 June 2019 and 2018 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**	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Property development	**20,100**	770,350	**–**	–	**20,100**	770,350
Property investment	**70,852**	68,625	**–**	–	**70,852**	68,625
Ferry, shipyard and related operations	**83,374**	87,571	**510**	550	**82,864**	87,021
Securities investment	**9,282**	9,107	**–**	–	**9,282**	9,107
Others	**46,991**	49,730	**33,295**	34,276	**13,696**	15,454
	230,599	985,383	**33,805**	34,826	**196,794**	950,557
Analysed by:						
Revenue					**170,481**	924,615
Other revenue					**26,313**	25,942
					196,794	950,557

3. **SEGMENT REPORTING** (Continued)

Segment results (Continued)

(a) **Segment revenue** (Continued)

The principal activities of the Group are property development, property investment, ferry, shipyard and related businesses 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	
	2019	2018
	HK$'000	*HK$'000*
Property development	**19,114**	239,610
Property investment *(note 3(d))*	**51,897**	52,265
Ferry, shipyard and related operations	**3,696**	7,177
Securities investment	**12,325**	7,964
Others *(note 3(e))*	**11,193**	12,776
	98,225	319,792

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Reportable segment profit derived from external customers	**98,225**	319,792
Share of profits less losses of associates and a joint venture	**127**	503
Profit before taxation in the consolidated statement of profit or loss	**98,352**	320,295

(d) The segment result of the "Property investment" included valuation gains on investment properties of HK$15,900,000 (2018: HK$17,805,000).

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

4. **OTHER NET INCOME**

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Fair value change of other financial assets designated at fair value through profit or loss	**6,739**	(944)
Sundry income	**1,856**	1,058
Income from sale of spare parts	**897**	131
Bad debt recovered	**–**	311
Net exchange losses	**(34)**	(8)
Net (loss)/profit on disposal of other non-current financial assets	**(3,229)**	86
	6,229	634

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting) the amounts as set out below:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Amortisation of leasehold land premium	**685**	685
Cost of inventories	**8,988**	507,866
Depreciation		
– owned property, plant and equipment	**2,696**	2,716
– right-of-use assets	**651**	–
Dividend income from listed investments	**(6,571)**	(4,739)
Interest income	**(16,543)**	(20,108)

6. TAXATION

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**8,696**	42,343
Under-provision in respect of prior year	**711**	–
	9,407	42,343
Deferred tax		
Origination and reversal of temporary differences	**2,460**	5,054
	11,867	47,397

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2018: 16.5%) to the estimated assessable profits for the six months ended 30 June 2019.

7. DIVIDENDS

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Interim dividend declared and paid after the interim period of HK10 cents (2018: 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.

(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	
	2019	2018
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK28 cents (six months ended 30 June 2018: HK28 cents) per ordinary share	**99,757**	99,757

8. OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Items that may be reclassified subsequently to profit or loss:		
Loss/(profit) on disposal	**2,709**	(180)
Financial assets designated at fair value through other comprehensive income – net movement in securities revaluation reserve (recycling)	**2,316**	(2,743)
	5,025	(2,923)
Item that will not be reclassified to profit or loss:		
Financial assets designated at fair value through other comprehensive income – net movement in securities revaluation reserve (non-recycling)	**(1,623)**	(20,943)
Net movement in the securities revaluation reserve during the period recognised in other comprehensive income	**3,402**	(23,866)

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$86,485,000 (six months ended 30 June 2018: HK$272,898,000) and 356,273,883 (2018: 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 2019 and 2018, therefore diluted earnings per share are the same as basic earnings per share for both periods.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2019 (unaudited) ***HK$'000***	At 31 December 2018 (audited) *HK$'000*
Trade receivables	**252,760**	296,483
Less: allowance for credit loss	**(122)**	(2,185)
	252,638	294,298
Other receivables and prepayments	**43,042**	40,446
Amount due from a joint venture	**26,589**	26,490
	322,269	361,234

All of the trade and other receivables except for instalment receivables of HK$191,678,000 (31 December 2018: HK$208,332,000) 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$41,507,000 (31 December 2018: HK$56,685,000) which are unsecured, interest-free and have no fixed terms of repayment.

The amount due from a joint venture is unsecured, interest-bearing at a rate to be agreed by the Group and the joint venture partner and has no fixed terms of repayment. During the period and as at 30 June 2019, the balance did not bear any interest.

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

	At 30 June 2019 (unaudited) ***HK$'000***	At 31 December 2018 (audited) *HK$'000*
Current	**228,569**	250,963
1 to 3 months overdue	**19,593**	34,558
More than 3 months but less than 12 months overdue	**967**	5,375
More than 12 months overdue	**3,509**	3,402
	252,638	294,298

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$16,924,000 (31 December 2018: HK$12,783,000) are expected to be settled within one year. Included in the trade and other payables are amounts due to related companies of HK$45,974,000 (31 December 2018: HK$58,502,000) 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 2019 (unaudited) *HK$'000*	At 31 December 2018 (audited) *HK$'000*
Due within 1 month or on demand	**72,777**	80,808
Due after 1 month but within 3 months	**1,148**	1,614
Due after 3 months but within 12 months	**22**	21
More than 12 months	**9**	8
	73,956	82,451

INTERIM RESULTS AND DIVIDENDS

The unaudited consolidated net profit after taxation of the Group for the six months ended 30 June 2019 amounted to HK$86 million, representing a decrease of 68% as compared with the figure for the first half year of 2018. Earnings per share amounted to HK$0.24 as compared with HK$0.77 over the corresponding period of 2018.

The Board of Directors has declared an interim dividend of HK10 cents per share (2018: interim dividend of HK10 cents per share) in respect of the year ending 31 December 2019. The interim dividend will be paid on or about Thursday, 26 September 2019 to shareholders whose names appear on the register of members at the close of business on Tuesday, 17 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The local economy was considerably affected by the impact of the Sino-US trade conflicts in the first half of the year. The local GDP growth rate was only 0.6%, which was much lower than the 4.1% in the same period last year. In addition, many people have strong objections to the proposed amendment to the "Fugitive Offenders Ordinance" submitted to the Legislative Council by the Government in February 2019, with continuous protests starting in June and evolving into recent violent confrontations. Consumers' sentiment has plummeted. The number of visitors to Hong Kong has decreased. As a result, the stock market declined and property transactions in Hong Kong slowed in last month, albeit the price has remained stable.

All the residential units of the Group have been sold in 2018. During the period under review, the Group's profit was mainly derived from the rental income of the commercial arcades and the profit from the sale of car parking spaces.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Property Development and Investment Operations

During the period, the gross rental income arising from the commercial arcades of the Group amounted to approximately HK$52 million. At the end of the reporting period, the commercial arcades of Shining Heights, The Spectacle and Metro6 were fully let, whereas the occupancy rate of the commercial arcade of Green Code was 92%. As the commercial arcade of the Metro Harbour Plaza has been partly under renovation, the occupancy rate was 80%. The profit arising from the sale of the car parking spaces of the Group amounted to approximately HK$19 million.

In June 2018, the Group was awarded the contract of Tung Chau Street/Kweilin Street redevelopment project in Sham Shui Po by the Urban Renewal Authority at a consideration of HK$1,029.2 million. The Group is responsible for the construction of the project with a total gross floor area of about 144,345 square feet. Upon redevelopment, the Group will be entitled to the residential gross floor area of about 97,845 square feet and the project is expected to be completed in late 2022.

Tuen Mun Town Lot No. 547

The construction of the Group's 50%/50% joint venture project with Empire Development Hong Kong (BVI) Limited located at Castle Peak Road, Castle Peak Bay, Area 48, Tuen Mun, New Territories (Tuen Mun Town Lot No. 547) is in good progress and is expected to be completed in 2022.

The project under construction consists of six residential towers providing about 1,636 units with sea view or landscape view. The total gross floor area of the project is about 663,000 square feet.

Ferry, Shipyard and Related Operations

During the period, the Ferry, Shipyard and Related Operations recorded a profit of HK$3.7 million, a decrease of 49% as compared to the same period last year. The decrease was mainly due to lower vessel repair businesses after the opening of the Hong Kong-Zhuhai-Macao Bridge.

Securities Investment

A profit of HK$12 million was recorded in the Group's securities investment during the period.

Prospects

US President Donald Trump announced on 2 August 2019 to impose 10% tariff on the remaining US$300 billion worth of imported goods from China with effect from 1 September 2019 (a portion of which was subsequently postponed to 15 December 2019). The market was disappointed in its expectation that China and the US could shortly conclude a settlement after the series of negotiations in the past months. Global stock market in general dropped considerably. Economic growth estimates turned conservative. It is expected that the local economic outlook in the second half year will not be positive in view of the unfavourable internal and external factors.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospects (Continued)

As the US interest rates trend to further decline, the low interest rate scenario will support the Hong Kong industrial and commercial sectors as well as the property market. The local loan-to-value ratios of mortgages are in general low and the solid demand from residential units still exists. The property market is expected to return to normal after the social unrest has settled.

Barring unforeseen circumstances, the rental income from the commercial arcades will be the main source of income of the Group for the second half year. In addition, the Tung Chau Street/ Kweilin Street project and the Tuen Mun project will be sold by phases commencing next year.

Financial Review

Review of Results

During the six months ended 30 June 2019, the Group's revenue amounted to HK$170 million, representing a decrease of 82% as compared with the same period last year. This was mainly attributable to the fact that no residential units were sold during the period.

The consolidated net profit after taxation of the Group for the six months ended 30 June 2019 was HK$86 million, representing a decrease of 68% as compared with a profit of HK$273 million for the same period last year. The reason for the decrease in profit is already mentioned in the section of Management Discussion and Analysis of this announcement.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2019, shareholders' funds of the Group amounted to HK$6,120 million, representing a slight decrease of 0.2% as compared with the corresponding figure as at 31 December 2018. The decrease was mainly due to the net effect of the profit realised from property leasing and sales, the gains on revaluation of the Group's investment properties and the payment of dividends.

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

As at 30 June 2019, current assets of the Group stood at HK$2,448 million and current liabilities were HK$173 million. Current ratio of the Group increased to 14 as at 30 June 2019, mainly attributed to the decrease in trade and other payables.

Charge of Assets

As at 30 June 2019, shares in the Joint Venture Company were charged to secure the loan facility made available by banks to the Joint Venture Company. Details of the loan facility, the relevant guarantees granted and the securities provided are set out in notes to the interim financial report.

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.

Financial Review (Continued)

Employees

As at 30 June 2019, the Group employed about 210 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, 16 September 2019 and Tuesday, 17 September 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 13 September 2019.

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 Company has complied with the code provisions of the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2019.

OTHER INFORMATION (Continued)

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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 2019.

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.

Audit Committee

The Audit Committee has met in August 2019 and reviewed the accounting principles and practices adopted by the Group and have 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 2019 has been reviewed with no disagreement by the Audit Committee.

The interim financial report for the six months ended 30 June 2019 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 2019. The Remuneration Committee currently comprises three independent non-executive directors and two executive directors.

Publication of Interim Results and Interim Financial 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 2019 Interim Financial 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
Dr. Lam Ko Yin, Colin
Chairman

Hong Kong, 16 August 2019

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 and Dr. Lee Shau Kee; and the independent non-executive directors are Mr. Ho Hau Chong, Norman, Ms. Wong Yu Pok, Marina and Mr. Wu King Cheong.