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HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

香港小輪(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 50)

2022 INTERIM RESULTS ANNOUNCEMENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022 – unaudited

		Six months ended 30 June	
		2022	2021
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3(a)	138,947	114,289
Direct costs		<u>(79,561)</u>	<u>(77,046)</u>
		59,386	37,243
Other revenue	3(a)	39,683	47,816
Other net (loss)/income	4	(2,100)	8,108
Valuation gains on investment properties	3(d)	11,570	35,502
Selling and marketing expenses		(2,263)	(10)
Administrative expenses		(26,452)	(24,672)
Other operating expenses		<u>(3,058)</u>	<u>(2,448)</u>
Profit from operations	3(b)	76,766	101,539
Interest on lease liabilities		(72)	(64)
Share of profits less losses of associates		277	637
Share of profits/(losses) of joint ventures		<u>184</u>	<u>(25,332)</u>
Profit before taxation	5	77,155	76,780
Taxation	6	<u>(12,082)</u>	<u>(8,743)</u>
Profit attributable to equity shareholders of the Company		<u>65,073</u>	<u>68,037</u>
Earnings per share (HK\$)	8		
– Basic and diluted		<u>0.18</u>	<u>0.19</u>

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022 – unaudited

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Profit attributable to equity shareholders of the Company	65,073	68,037
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Financial assets at fair value through other comprehensive income – net movement in securities revaluation reserve (non-recycling)	4,412	1,244
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)	–	(458)
	4,412	786
Total comprehensive income attributable to equity shareholders of the Company	69,485	68,823

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		At 30 June 2022 (unaudited)		At 31 December 2021 (audited)	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Investment properties			2,272,505		2,258,005
Other property, plant and equipment			86,880		51,994
Interest in leasehold land			34,236		34,924
			<u>2,393,621</u>		<u>2,344,923</u>
Interest in associates			6,629		7,640
Interest in joint ventures			495,538		495,353
Other financial assets			134,632		135,577
Other receivables and prepayments	9(a)		112,222		104,715
Deferred tax assets			4,142		3,526
			<u>3,146,784</u>		<u>3,091,734</u>
Current assets					
Inventories		1,460,105		1,340,088	
Trade and other receivables	9(b)	166,574		131,347	
Tax recoverable		24,883		23,030	
Cash and bank balances		1,541,777		1,683,031	
			<u>3,193,339</u>		<u>3,177,496</u>
Current liabilities					
Trade and other payables	10	189,174		163,882	
Lease liabilities		8,593		2,121	
Tax payable		26,014		18,909	
			<u>223,781</u>		<u>184,912</u>
Net current assets			<u>2,969,558</u>		<u>2,992,584</u>
Total assets less current liabilities			<u>6,116,342</u>		<u>6,084,318</u>
Non-current liabilities					
Net employee retirement benefits liabilities		3,083		2,720	
Lease liabilities		13,474		2,053	
Deferred tax liabilities		79,223	95,780	75,027	79,800
NET ASSETS			<u>6,020,562</u>		<u>6,004,518</u>
CAPITAL AND RESERVES					
Share capital			1,754,801		1,754,801
Reserves			4,265,761		4,249,717
TOTAL EQUITY			<u>6,020,562</u>		<u>6,004,518</u>

NOTES:

1. BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the Group's interim financial report for the six months ended 30 June 2022 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 2021 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 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2. CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit or loss. The amendments do not have a material impact on the financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

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.

3. SEGMENT REPORTING (Continued)

Segment results (Continued)

The segment information for the six months ended 30 June 2022 and 2021 about these reportable segments is presented below:

(a) Segment revenue

	Total revenue		Elimination of		Revenue from	
	Six months		inter-segment revenue		external customers	
	ended 30 June		Six months		Six months	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property development	27,617	19	–	–	27,617	19
Property investment	77,911	73,708	–	–	77,911	73,708
Ferry, shipyard and related operations	57,638	77,471	534	514	57,104	76,957
Securities investment	1,189	3,813	–	–	1,189	3,813
Others	42,411	39,574	27,602	31,966	14,809	7,608
	<u>206,766</u>	<u>194,585</u>	<u>28,136</u>	<u>32,480</u>	<u>178,630</u>	<u>162,105</u>
Analysed by:						
Revenue					138,947	114,289
Other revenue					39,683	47,816
					<u>178,630</u>	<u>162,105</u>

The principal activities of the Group are property development, property investment, ferry, shipyard and related operations and securities investment.

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

3. SEGMENT REPORTING (Continued)

Segment results (Continued)

(b) Segment result

	Reportable segment profit/(loss)	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Property development	21,612	(1,591)
Property investment (note 3(d))	51,404	72,325
Ferry, shipyard and related operations	(418)	16,929
Securities investment	(4,413)	9,169
	<u>68,185</u>	<u>96,832</u>
Others (note 3(e))	8,581	4,707
	<u>76,766</u>	<u>101,539</u>

(c) Reconciliation of reportable segment profit

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Reportable segment profit derived from external customers	68,185	96,832
Other profit derived from external customers	8,581	4,707
Interest on lease liabilities	(72)	(64)
Share of profits/(losses) of associates and joint ventures (net)	461	(24,695)
	<u>77,155</u>	<u>76,780</u>

(d) The segment result of the “Property investment” included valuation gains on investment properties of HK\$11,570,000 (2021: HK\$35,502,000).

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

4. OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Change in fair value of other financial assets designated at fair value through profit or loss	(5,357)	5,215
Sundry income	2,017	1,976
Income from sale of spare parts	1,244	460
Net profit on redemption of other financial assets	–	446
Net exchange (losses)/gains	(4)	11
	<u>(2,100)</u>	<u>8,108</u>

5. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Amortisation of leasehold land premium	685	685
Cost of inventories	2,983	2,688
Depreciation		
– owned property, plant and equipment	3,319	2,796
– right-of-use assets	1,683	1,065
Dividend income from listed investments	(1,189)	(3,569)
Interest income	(13,760)	(7,877)
	<u> </u>	<u> </u>

6. TAXATION

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	8,502	6,186
Deferred tax		
Origination and reversal of temporary differences	<u>3,580</u>	<u>2,557</u>
	<u>12,082</u>	<u>8,743</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2021: 16.5%) to the estimated assessable profits for the six months ended 30 June 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

7. DIVIDENDS

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

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared and paid after the interim period of HK10 cents (2021: HK10 cents) per ordinary share	<u>35,627</u>	<u>35,627</u>

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

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

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK15 cents (six months ended 30 June 2021: HK15 cents) per ordinary share	<u>53,441</u>	<u>53,441</u>

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$65,073,000 (six months ended 30 June 2021: HK\$68,037,000) and 356,273,883 (2021: 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 2022 and 2021, therefore diluted earnings per share are the same as basic earnings per share for both periods.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
(a) Non-current		
Instalment receivables	101,783	104,715
Other receivables and prepayments	<u>10,439</u>	<u>–</u>
	<u>112,222</u>	<u>104,715</u>

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

	At 30 June 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
(b) Current		
Trade receivables	61,658	47,080
Instalment receivables	2,815	4,031
Less: loss allowance	<u>(2,709)</u>	<u>(2,709)</u>
	61,764	48,402
Other receivables and prepayments	62,785	47,172
Amounts due from joint ventures	<u>42,025</u>	<u>35,773</u>
	<u>166,574</u>	<u>131,347</u>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year. Included in the trade and other receivables are amounts due from related companies of HK\$50,465,000 (31 December 2021: HK\$48,804,000) which are unsecured, interest-free and are recoverable on demand. Related companies are companies under control of a company which has significant influence on the Group.

The amounts due from joint ventures include a balance of HK\$26,000,000 (31 December 2021: HK\$25,996,000) which is unsecured, interest-bearing at a rate to be agreed by the Group and the joint venture partner annually and is recoverable on demand. During the period and as at 30 June 2022, the balance did not bear any interest. The remaining balance is unsecured, interest-free and is recoverable on demand.

9. TRADE AND OTHER RECEIVABLES (Continued)

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

	At 30 June 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
Current	29,667	28,032
1 to 3 months overdue	30,195	18,220
More than 3 months but less than 12 months overdue	1,798	2,033
More than 12 months overdue	104	117
	<u>61,764</u>	<u>48,402</u>

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

10. TRADE AND OTHER PAYABLES

All of the trade and other payables except for an amount of HK\$17,639,000 (31 December 2021: HK\$16,527,000) are expected to be settled within one year. Included in the trade and other payables are amounts due to related companies of HK\$34,689,000 (31 December 2021: HK\$34,965,000) which are unsecured, interest-free and repayable within 30-45 days or repayable on demand. Related companies are companies under control of a company which has significant influence on the Group.

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

	At 30 June 2022 (unaudited) HK\$'000	At 31 December 2021 (audited) HK\$'000
Due within 1 month or on demand	118,160	96,381
Due after 1 month but within 3 months	625	585
Due after 3 months but within 12 months	-	-
More than 12 months	1	1
	<u>118,786</u>	<u>96,967</u>

INTERIM RESULTS AND DIVIDENDS

The unaudited consolidated net profit after taxation of the Group for the six months ended 30 June 2022 amounted to HK\$65 million, representing a decrease of 4% as compared with the figure for the first half year of 2021. Earnings per share was HK\$0.18 as compared with HK\$0.19 over the corresponding period of 2021. Excluding the fair value change of the investment properties, the Group's underlying profit attributable to equity shareholders for the period under review was HK\$54 million, representing an increase of 64% from the figure for the same period last year.

The Board of Directors has declared an interim dividend of HK10 cents per share (2021: interim dividend of HK10 cents per share) in respect of the year ending 31 December 2022. The interim dividend will be paid on Wednesday, 28 September 2022 to shareholders whose names appear on the register of members at the close of business on Tuesday, 20 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the Group's profit was mainly derived from the rental income from shops and commercial arcades.

Property Development and Investment Operations

The gross rental income during the period arising from the commercial arcades of the Group amounted to HK\$55 million, an increase of 5% as compared with last year. Notwithstanding the impact of the pandemic, the commercial arcades of Shining Heights, Metro6 and Green Code Plaza were fully let, and the occupancy rate of Metro Harbour Plaza was 90% at the end of the reporting period.

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

The Group's 50%/50% development joint venture project with the Empire Group at The Royale, 8 Castle Peak Road, Castle Peak Bay, Tuen Mun, has obtained the Occupation Permit in January this year. It is expected that after successfully obtaining the Certificate of Compliance in September this year, the 1,748 residential units sold will be duly delivered to the buyers by phases and revenue from property sales would be recognised in the Group's accounts accordingly.

Kweilin Street/Tung Chau Street, Sham Shui Po Redevelopment Project

The Group's development project at Kweilin Street/Tung Chau Street in Sham Shui Po will provide the Group with residential gross floor area of about 97,517 square feet after the redevelopment. The superstructure works were in progress and the project is expected to be completed in the first half of 2024.

Ferry, Shipyard and Related Operations

During the period, the Ferry, Shipyard and Related Operations recorded a loss of HK\$0.4 million as compared with the profit of HK\$16.9 million for the same period last year. The decrease in business results was mainly attributable to the absence of the repair and maintenance subsidy from the Government for ferry operation during the period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Securities Investment

A deficit of HK\$4.4 million in securities investment was recorded as a result of the fair value change of certain financial assets upon the decline in stock market.

Prospects

The continual spreading of the COVID-19 variant, the rising global inflation, the consecutive interest rate increases by US Federal Reserve and the tightening of the monetary policy of some other central banks have exerted negative impact on the global economy. Meanwhile, the increase in food, commodity and fuel prices, the repeated disruption in supply chains and the Russia-Ukraine conflicts locked in stalemate will require considerable time to resolve. Faced with these unfavorable factors, the Hong Kong real gross domestic product in the first and second quarter recorded a year-on-year decrease, with the first quarter declining by 3.9% and the second quarter 1.3%. The Government, noting weak export and consumption, lowers the forecast of the local economic growth to -0.5% to +0.5% for the full year and expects economic activities to recover slightly in the second half year.

Mr. John Lee, the new Chief Executive of the Hong Kong Special Administrative Region, put a lot of emphasis on economic development. The Government has shortened the compulsory quarantine period in hotels for overseas inbound persons from seven days to three days and is investigating the feasibility of re-opening cross-boundary travel with the mainland. The gradual relaxation of social distancing measures, the new round of the Consumption Voucher Scheme and other relief measures of the Government are expected to have a positive impact on the retail market and expedite the recovery of the local economy, which will, inter alia, be beneficial to the healthcare businesses.

In view of the potential of the healthcare business, the Group has embarked on the medical aesthetic business as a diversification. The Group's medical aesthetic clinic and premium beauty service centre in Mira Place, Tsim Sha Tsui, has opened for business in mid-August of this year. The centre provides beauty and medical aesthetic services such as contouring, firming, lifting, whitening, anti-aging, improvement to skin conditions and contouring management services making use of devices and drugs certified by the United States Food and Drug Administration and the European Union. As a member of the Henderson Land Development Group, the Company wishes to leverage on the Henderson ecosystem and provide quality and personalized services to a wide spectrum of customers.

During the period under review, the Group collaborated with an international oncology care provider in H Zentre, Tsim Sha Tsui, to offer oncology treatment services. The Group also intends to collaborate with other medical groups, including Union Hospital, to offer healthcare services and capture our market share.

The residential units of the development project "The Royale" will be delivered to buyers in the second half of the year and the relevant revenue will be recognised accordingly. The Group is expected to achieve a very promising annual results for 2022. As previously announced in the 2021 Annual Report, the date of payment of the special dividend of HK\$1 per share will be declared in conjunction with the announcement of the 2022 annual results.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Review

Review of Results

During the six months ended 30 June 2022, the Group's revenue amounted to HK\$139 million, representing an increase of 22% as compared with the same period last year. This was mainly attributable to the sale of car parking spaces during the period.

The consolidated net profit after taxation of the Group for the six months ended 30 June 2022 was HK\$65 million, representing a decrease of 4% as compared with the figure 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 2022, shareholders' funds of the Group amounted to HK\$6,021 million, representing a slight increase of 0.3% as compared with the corresponding figure as at 31 December 2021. The increase was mainly due to the net effect of the profit realised from property leasing and sales, and the gains on revaluation of the Group's investment properties and deduction of the dividend payments.

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

As at 30 June 2022, current assets of the Group stood at HK\$3,193 million and current liabilities were HK\$224 million. Current ratio of the Group decreased to 14.3 as at 30 June 2022, mainly attributed to the increase in trade and other payables.

Gearing Ratio and Financial Management

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

Employees

As at 30 June 2022, 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 of the Company will be closed on Monday, 19 September 2022 and Tuesday, 20 September 2022, during which period no requests for transfer of shares will be accepted.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 16 September 2022.

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

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

Arrangements to Purchase Shares, Warrants, Options or Debentures

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

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 2022.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry, the Company confirmed that all Directors of the Company have complied with the required standard set out in the Model Code during the six months ended 30 June 2022.

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 of the Code.

OTHER INFORMATION (Continued)

Audit Committee

The Audit Committee has met in August 2022 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 2022 has been reviewed with no disagreement by the Audit Committee.

The interim financial report for the six months ended 30 June 2022 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 2022. The Remuneration Committee currently comprises three independent non-executive directors and two executive directors.

Forward-Looking Statements

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

Publication of Interim Results and Interim Financial Report

This interim results announcement is published on the Company’s website (www.hkf.com) and the HKEXnews website (www.hkexnews.hk). The 2022 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, 19 August 2022

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 and Mr. Lau Yum Chuen, Eddie; and the independent non-executive directors are Mr. Ho Hau Chong, Norman, Ms. Wong Yu Pok, Marina and Mr. Wu King Cheong.