



The Cross-Harbour (Holdings) Limited

(Stock Code : 32)

INTERIM REPORT
2023








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Corporate Information

Board of Directors

Executive Director

Cheung Chung Kiu (*Chairman*)
Yeung Hin Chung, John, SBS, OBE, JP (*Managing Director*)
Yuen Wing Shing
Wong Chi Keung
Leung Wai Fai
Tung Wai Lan, Iris

Independent Non-executive Director

Ng Kwok Fu
Luk Yu King, James¹
Leung Yu Ming, Steven
Wong Lung Tak, Patrick², BBS, JP

Audit Committee

Luk Yu King, James (*Chairman*)¹
Leung Yu Ming, Steven (*Chairman*)³
Ng Kwok Fu
Wong Lung Tak, Patrick²

Remuneration Committee

Leung Yu Ming, Steven (*Chairman*)
Cheung Chung Kiu
Ng Kwok Fu

Nomination Committee

Cheung Chung Kiu (*Chairman*)
Ng Kwok Fu
Leung Yu Ming, Steven

Authorised Representative

Yeung Hin Chung, John
Leung Wai Fai (*Alternate to Yeung Hin Chung, John*)
Yuen Wing Shing
Wong Chi Keung (*Alternate to Yuen Wing Shing*)

Company Secretary

Man Kit Ling

Legal Adviser

Woo, Kwan, Lee & Lo

Registered Office

25th Floor, China Resources Building
26 Harbour Road
Wanchai
Hong Kong
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Fax: (852) 2802 2080
Website: www.ch.limited
Email: investors@ch.limited

External Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance
with the Accounting and Financial Reporting
Council Ordinance

Share Registrar & Transfer Office

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 32

¹ Retired as an Independent Non-executive Director and ceased to be the chairman and a member of the audit committee of the Company with effect from the conclusion of the annual general meeting of the Company held on 22 May 2023.

² Appointed as an Independent Non-executive Director and a member of the audit committee of the Company with effective from the conclusion of the annual general meeting of the Company held on 22 May 2023.

³ Appointed as the chairman of the audit committee of the Company with effective from the conclusion of the annual general meeting of the Company held on 22 May 2023.

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023 \$'000	2022 \$'000
Revenue from contracts with customers within the scope of HKFRS 15	4(a)	324,224	243,598
Revenue from treasury operation and others	4(a)	22,808	27,959
Interest revenue from debt securities measured at fair value through profit or loss	4(a)	13,818	1,170
Other interest revenue	4(a)	51,355	30,781
Total revenue		412,205	303,508
Other income		—	13
Other net gains/(losses)	5	73,591	(394,841)
Direct costs and operating expenses		(127,349)	(107,375)
Selling and marketing expenses		(13,652)	(12,753)
Administrative and corporate expenses		(97,830)	(59,277)
Impairment losses on financial assets, net	6(b)	(16,602)	(31,219)
Profit/(loss) from operations		230,363	(301,944)
Finance costs	6(a)	(6,143)	(1,027)
Share of profits of associates	11	245,479	144,251
Share of profits of a joint venture		10,919	11,600
Profit/(loss) before taxation	6	480,618	(147,120)
Income tax	7	(20,232)	(16,599)
Profit/(loss) for the period		460,386	(163,719)
Attributable to:			
Equity shareholders of the Company		422,658	(192,206)
Non-controlling interests		37,728	28,487
Profit/(loss) for the period		460,386	(163,719)
Earnings/(loss) per share	8		
Basic and diluted		\$1.13	(\$0.52)

The notes on pages 9 to 26 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 15.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023 - unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2023	2022
<i>Note</i>	\$'000	\$'000
Profit/(loss) for the period	460,386	(163,719)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
– Financial assets measured at fair value through other comprehensive income (non-recycling)		
– Net changes in fair value of equity securities	(2,373)	3,109
Items that are or may be reclassified subsequently to profit or loss:		
– Financial assets measured at fair value through other comprehensive income (recycling)		
– Changes in fair value of debt securities	–	(34,223)
– Impairment losses recognised on debt securities	6(b) –	5,745
	–	(28,478)
– Share of other comprehensive income of a joint venture:		
– Exchange differences on translation of financial statements of subsidiary outside Hong Kong in a joint venture	(104)	36
Other comprehensive income for the period	(2,477)	(25,333)
Total comprehensive income for the period	457,909	(189,052)
Attributable to:		
Equity shareholders of the Company	420,212	(217,549)
Non-controlling interests	37,697	28,497
Total comprehensive income for the period	457,909	(189,052)

There is no tax effect relating to the above components of other comprehensive income.

The notes on pages 9 to 26 form part of this interim financial report.

Consolidated Statement of Financial Position

As at 30 June 2023 - unaudited
(Expressed in Hong Kong dollars)

	Note	30 June 2023		31 December 2022	
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	9		476,357		236,037
Interest in associates	11		296,294		291,315
Interest in a joint venture			159,659		148,844
Other financial assets	10		3,660,030		3,343,861
Deposits and prepayments	12		46,257		45,315
Deferred tax assets			1,889		2,216
			<u>4,640,486</u>		<u>4,067,588</u>
Current assets					
Inventories			1,423		1,363
Other financial assets	10		1,175,484		1,115,170
Trade and other receivables	12		124,508		158,405
Amount due from a joint venture			—		9,000
Tax recoverable			—		512
Dividend receivable			50,477		34,892
Bank deposits and cash	13		2,433,095		2,453,206
			<u>3,784,987</u>		<u>3,772,548</u>
Current liabilities					
Trade and other payables	14		68,088		111,348
Contract liabilities			631,963		644,016
Lease liabilities			55,515		15,500
Taxation payable			20,494		11,117
Dividends payable			23,207		604
			<u>799,267</u>		<u>782,585</u>
Net current assets			<u>2,985,720</u>		<u>2,989,963</u>

Consolidated Statement of Financial Position

As at 30 June 2023 - unaudited
(Expressed in Hong Kong dollars)

	Note	30 June 2023 \$'000	31 December 2022 \$'000
Total assets less current liabilities		<u>7,626,206</u>	<u>7,057,551</u>
Non-current liabilities			
Lease liabilities		236,996	11,994
Deferred tax liabilities		<u>2,657</u>	<u>1,957</u>
		<u>239,653</u>	<u>13,951</u>
NET ASSETS		<u>7,386,553</u>	<u>7,043,600</u>
CAPITAL AND RESERVES			
Share capital	15(b)	1,629,461	1,629,461
Reserves		<u>5,539,261</u>	<u>5,230,855</u>
Total equity attributable to equity shareholders of the Company		<u>7,168,722</u>	6,860,316
Non-controlling interests		<u>217,831</u>	<u>183,284</u>
TOTAL EQUITY		<u>7,386,553</u>	<u>7,043,600</u>

The notes on pages 9 to 26 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023 - unaudited

(Expressed in Hong Kong dollars)

Attributable to equity shareholders of the Company									
			Fair value	Fair value				Non-	Total
	Share	Capital	reserve	reserve	Exchange	Retained	Total	controlling	equity
Note	capital	reserve	(recycling)	(non-	reserve	profits		interests	
	\$'000	\$'000	\$'000	recycling)	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022	1,629,461	1,984	(123,654)	27,630	1	5,801,156	7,336,578	201,395	7,537,973
Changes in equity for the six months ended 30 June 2022:									
(Loss)/profit for the period	—	—	—	—	—	(192,206)	(192,206)	28,487	(163,719)
Other comprehensive income	—	—	(28,478)	3,109	26	—	(25,343)	10	(25,333)
Total comprehensive income	—	—	(28,478)	3,109	26	(192,206)	(217,549)	28,497	(189,052)
Dividend approved in respect of the previous financial year	15(a)	—	—	—	—	(89,445)	(89,445)	—	(89,445)
Non-controlling interest's share of dividends		—	—	—	—	—	—	(20,070)	(20,070)
Dividends declared in respect of the current financial year	15(a)	—	—	—	—	(22,361)	(22,361)	—	(22,361)
Balance at 30 June 2022	<u>1,629,461</u>	<u>1,984</u>	<u>(152,132)</u>	<u>30,739</u>	<u>27</u>	<u>5,497,144</u>	<u>7,007,223</u>	<u>209,822</u>	<u>7,217,045</u>
Balance at 1 July 2022	1,629,461	1,984	(152,132)	30,739	27	5,497,144	7,007,223	209,822	7,217,045
Changes in equity for the six months ended 31 December 2022:									
(Loss)/profit for the period	—	—	—	—	—	(253,047)	(253,047)	48,561	(204,486)
Other comprehensive income	—	—	152,132	(1,248)	(24)	—	150,860	(9)	150,851
Total comprehensive income	—	—	152,132	(1,248)	(24)	(253,047)	(102,187)	48,552	(53,635)
Transfer to retained profits upon disposal of financial assets	—	—	—	—	—	3	3	—	3
Non-controlling interest's share of dividends	—	—	—	—	—	—	—	(75,090)	(75,090)
Dividends declared in respect of the current financial year	—	—	—	—	—	(44,723)	(44,723)	—	(44,723)
Balance at 31 December 2022	<u>1,629,461</u>	<u>1,984</u>	<u>—</u>	<u>29,491</u>	<u>3</u>	<u>5,199,377</u>	<u>6,860,316</u>	<u>183,284</u>	<u>7,043,600</u>

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023 - unaudited

(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company								
		Share capital \$'000	Capital reserve \$'000	Fair value reserve (recycling) \$'000	Fair value reserve (non-recycling) \$'000	Exchange reserve \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Note										
	Balance at 1 January 2023	1,629,461	1,984	–	29,491	3	5,199,377	6,860,316	183,284	7,043,600
	Changes in equity for the six months ended 30 June 2023:									
	Profit for the period	–	–	–	–	–	422,658	422,658	37,728	460,386
	Other comprehensive income	–	–	–	(2,373)	(73)	–	(2,446)	(31)	(2,477)
	Total comprehensive income	–	–	–	(2,373)	(73)	422,658	420,212	37,697	457,909
	Dividend approved in respect of the previous financial year	15(a)	–	–	–	–	(89,445)	(89,445)	–	(89,445)
	Non-controlling interest's share of dividends		–	–	–	–	–	–	(3,150)	(3,150)
	Dividends declared in respect of the current financial year	15(a)	–	–	–	–	(22,361)	(22,361)	–	(22,361)
	Balance at 30 June 2023	1,629,461	1,984	–	27,118	(70)	5,510,229	7,168,722	217,831	7,386,553

The notes on pages 9 to 26 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2023 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023 \$'000	2022 \$'000
Operating activities			
Cash generated from operations		40,312	40,023
Tax paid		(9,316)	(8,220)
Net cash generated from operating activities		30,996	31,803
Investing activities			
Decrease in deposits with banks with original maturity over three months		356,550	173,948
Decrease in amount due from a joint venture		9,000	9,000
Payments for purchase of debt securities at FVOCI (recycling)		—	(13,094)
Payments for purchase of other financial assets at FVPL		(528,727)	(761,080)
Payment for purchase of property, plant and equipment		(7,671)	(5,871)
Dividends received from equity securities at FVPL		10,542	10,746
Dividends received from equity securities at FVOCI (non-recycling)		578	582
Dividends received from associates		230,500	327,500
Proceeds from distribution of unlisted funds at FVPL		72,261	83,922
Proceeds from sale of treasury bills at FVPL		46,780	—
Proceeds from sale of equity securities at FVPL		172,237	48,043
Interest received		51,470	32,279
Proceeds from repayment of interest-bearing instruments		—	100,000
Other cash flows arising from investing activities		126	133
Net cash generated from investing activities		413,646	6,108
Financing activities			
Dividends paid to equity shareholders of the Company		(89,203)	(89,300)
Capital element of lease rentals paid		(9,707)	(11,377)
Interest element of lease rentals paid		(6,143)	(1,027)
Other cash flows arising from financing activities		(3,150)	(20,070)
Net cash used in financing activities		(108,203)	(121,774)
Net increase/(decrease) in cash and cash equivalents		336,439	(83,863)
Cash and cash equivalents at 1 January		2,016,838	2,447,012
Cash and cash equivalents at 30 June	13	2,353,277	2,363,149

The notes on pages 9 to 26 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General information

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

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

2 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 22 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 3(a).

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 27.

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Changes in accounting policies

(a) New and amended Hong Kong Financial Reporting Standards (“HKFRSs”)

The HKICPA has issued a new HKFRS and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these have had a material effect on the Group’s results and financial position for the current or prior periods have been prepared or presented in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will eventually abolish the statutory right of an employer to reduce its long service payment (“LSP”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund (“MPF”) scheme (also known as the “offsetting mechanism”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the “Transition Date”). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee’s service from the Transition Date. However, where an employee’s employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee’s service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 December 2022.

In this interim financial report and in prior periods, consistent with the HKICPA guidance the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the abovementioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 Revenue and segment reporting

(a) Revenue

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

(i) Disaggregation of revenue

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

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines:		
– Course fee from motoring school operation	320,574	240,248
– Management fee from tunnel operation	1,250	1,250
– Consultancy fee and management fee from electronic toll operation	2,400	2,100
	324,224	243,598
Revenue from treasury operation and others		
– Dividend income from equity securities	21,857	26,808
– Others	951	1,151
	22,808	27,959
Interest revenue from debt securities measured at fair value through profit or loss	13,818	1,170
Other interest revenue		
– Interest income from debt securities at FVOCI	–	17,294
– Interest income from interest-bearing instruments	3,570	10,305
– Interest income from banks	47,785	3,182
	51,355	30,781
Total revenue	412,205	303,508

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 Revenue and segment reporting (continued)

(b) Segment reporting

The Group manages its businesses by divisions which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Motoring school operation: this segment invests in subsidiaries which operate four designated driving training centres.
- Tunnel operation: this segment invests in an associate which operate the Western Harbour Tunnel franchise.
- Electronic toll operation: this segment invests in a joint venture which operates an electronic toll collection system, provision of telematics services, intelligent transportation and surveillance system solutions, and smart city service solutions in Hong Kong.
- Treasury management: this segment operates investing activities to receive dividend income and interest income, and manages an investment portfolio including unlisted funds, equity securities, debt securities, and bank deposits and cash.

(i) Segment results and assets

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

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

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results and assets (continued)

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

	Motoring school operation		Tunnel operation		Electronic toll operation		Treasury management		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June		30 June	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers within the scope of HKFRS 15	320,574	240,248	1,250	1,250	2,400	2,100	—	—	324,224	243,598
Dividend income from equity securities	—	—	—	—	—	—	21,857	26,808	21,857	26,808
Interest revenue	16,385	2,172	—	—	8	—	48,780	29,779	65,173	31,951
Reportable segment revenue	336,959	242,420	1,250	1,250	2,408	2,100	70,637	56,587	411,254	302,357
Reportable segment profit/(loss) before tax	133,369	97,970	246,729	145,501	13,212	13,583	116,965	(375,575)	510,275	(118,521)
Finance costs	(5,995)	(968)	—	—	—	—	(148)	(59)	(6,143)	(1,027)
Depreciation	(38,647)	(44,917)	—	—	—	—	(159)	—	(38,806)	(44,917)
Share of profits of associates	—	—	245,479	144,251	—	—	—	—	245,479	144,251
Share of profits of a joint venture	—	—	—	—	10,919	11,600	—	—	10,919	11,600
Income tax	(20,081)	(16,158)	—	—	(140)	(139)	(11)	(40)	(20,232)	(16,337)
Reportable segment assets at 30 June 2023/ 31 December 2022	1,538,587	1,168,203	246,657	241,682	164,836	162,792	6,449,219	6,238,912	8,399,299	7,811,589

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenue, profit or loss and assets

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Revenue		
Reportable segment revenue	411,254	302,357
Unallocated head office and corporate revenue	951	1,151
Consolidated revenue	412,205	303,508
Profit/(loss)		
Reportable segment profit/(loss) before taxation	510,275	(118,521)
Other income	—	13
Unallocated head office and corporate income and expenses	(29,657)	(28,612)
Consolidated profit/(loss) before taxation	480,618	(147,120)
	At	At
	30 June	31 December
	2023	2022
	\$'000	\$'000
Assets		
Reportable segment assets	8,399,299	7,811,589
Unallocated head office and corporate assets	26,174	28,547
Consolidated total assets	8,425,473	7,840,136

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

5 Other net gains/(losses)

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Change in fair value of other financial assets at FVPL		
– Unlisted fund investments	53,240	(264,591)
– Equity securities	93,316	(129,131)
– Listed debt securities	(58,881)	(1,249)
– Treasury bills	2,526	–
– Derivative financial instruments	(16,737)	–
– Others	–	85
	73,464	(394,886)
Net gains on sale of property, plant and equipment	127	45
	73,591	(394,841)

6 Profit/(loss) before taxation

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Profit/(loss) before taxation is arrived at after charging/(crediting):		
(a) Finance costs		
Interest on lease liabilities	6,143	1,027
(b) Other items		
Depreciation		
– Owned property, plant and equipment	11,576	12,845
– Right-of-use assets	30,500	36,774
	42,076	49,619
Impairment losses recognised on financial assets		
– Debt securities at FVOCI (recycling)	–	5,745
– Interest bearing instruments, net	16,602	16,784
– Trade and other receivables	–	8,690
	16,602	31,219
Contributions to defined contribution retirement scheme	4,665	4,359
Salaries, wages and other benefits (including directors' emoluments)	153,786	119,596
Cost of inventories consumed	3,830	6,415
Rent concessions	–	(25,924)

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Income tax

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Current tax – Hong Kong Profits Tax	19,205	15,372
Deferred tax	1,027	1,227
	<u>20,232</u>	<u>16,599</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2022: 16.5%) to the six months ended 30 June 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first \$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

8 Earnings/(loss) per share

The calculation of basic and diluted earnings/(loss) per share is based on the profit for the period attributable to ordinary equity shareholders of the Company of \$422,658,000 (2022: loss for the period of \$192,206,000) and the weighted average of 372,688,000 ordinary shares (2022: 372,688,000 ordinary shares) in issue during the period.

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

9 Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with a cost of \$7,671,000 (30 June 2022: \$5,871,000).

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

10 Other financial assets

	30 June 2023 \$'000	31 December 2022 \$'000
Non-current		
Financial assets measured at FVOCI (non-recycling)		
– Equity securities listed in Hong Kong*	(i) <u>59,420</u>	61,793
Financial assets measured at FVPL		
– Unlisted fund investments	(ii) 3,409,761	3,125,590
– Unlisted equity security	156,478	156,478
– Debt security listed outside Hong Kong*	<u>34,371</u>	—
	<u>3,600,610</u>	3,282,068
	<u>3,660,030</u>	3,343,861
Current		
Financial assets measured at amortised cost		
– Unsecured, interest-bearing instruments	(iii) 60,000	145,000
Less: loss allowance	<u>(60,000)</u>	(128,398)
	—	16,602
Financial assets measured at FVPL		
– Debt securities listed outside Hong Kong*	1,473	82,826
– Equity securities listed in Hong Kong*	(iv) 737,855	788,179
– Equity securities listed outside Hong Kong*	(v) 288,777	227,563
– Treasury bills*	<u>147,379</u>	—
	<u>1,175,484</u>	1,098,568
	<u>1,175,484</u>	1,115,170
Total	<u>4,835,514</u>	4,459,031

* Fair value measured using unadjusted quoted price in active markets. Details of fair value measurement of financial assets are set out in note 16.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

10 Other financial assets (continued)

Notes:

- (i) The Group designated these investments at FVOCI (non-recycling), as they are held for strategic purposes. Net fair value loss of \$2,373,000 (30 June 2022: net gain of \$3,109,000) was recognised in other comprehensive income and dividends amounted to \$578,000 (30 June 2022: \$581,000) were received and recognised in profit or loss during the period. Neither addition nor disposal was occurred during the period (30 June 2022: Nil).
- (ii) As at 30 June 2023, the Group's unlisted fund investments comprised 52 (31 December 2022: 49) private funds. The Group managed the price risk through diversification of investment portfolio. The underlying investments held by these funds include listed and unlisted equity securities, debt securities, structured financing products and venture capital deals in various regions, covering various industries and sectors including automobile, biotechnology, e-Commerce, enterprise software, healthcare and related services, information technology, internet services, industrials, logistic, pharmaceuticals and transportation. The fair value of these investments may change significantly based on broader macroeconomic conditions, overall capital and investment markets conditions, and factors associated with underlying assets within the private fund portfolio.
- (iii) The balance as at 30 June 2023 represents an (31 December 2022: 3) interest-bearing instrument which is unsecured, interest-bearing at 12% per annum (31 December 2022: 12% per annum). Two of the instruments amounting \$85,000,000 were written-off during the period due to default. Loss allowances are fully provided for the remaining instrument amounting to \$60,000,000 as it is overdue for more than one year.
- (iv) As at 30 June 2023, the fair value of equity securities listed in Hong Kong and classified at FVPL amounted to \$737,855,000 (31 December 2022: \$788,179,000), and net fair value gain of \$58,276,000 (30 June 2022: net loss of \$72,878,000) was recognised in profit or loss for the period.
- (v) As at 30 June 2023, the Group's investments in listed equity securities outside Hong Kong and classified at FVPL amounted to \$288,777,000 (31 December 2022: \$227,563,000) are equity securities listed in USA, UK, Singapore and Canada, and net fair value gain of \$35,040,000 (30 June 2022: net loss of \$56,791,000) was recognised in profit or loss for the period.

11 Interest in associates

- (a) The following list contains only the particulars of the associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Proportion of ownership interest		Principal activity	Financial year end
			Group's effective interest	Held by a subsidiary		
Western Harbour Tunnel Company Limited ("WHTCL")	Incorporated	Hong Kong	50%	50%	Operation of the Western Harbour Crossing	31 July
Ace Season Investments Limited ("ASIL")	Incorporated	British Virgin Islands	45%	45%	Securities investment	31 December

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

11 Interest in associates (continued)

- (b) Summarised financial information of the Group's material associate, WHTCL, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

		Six months ended 30 June	
	<i>Note</i>	2023	2022
		\$'000	\$'000
Gross amounts of WHTCL's			
Revenue			
Toll revenue		918,838	664,963
Other revenue	(i)	29,521	28,125
		948,359	693,088
Other income		10,562	309
Expenditure			
Operating and administrative expenses		(68,182)	(63,464)
Rates and government rent		(31,196)	(31,251)
Amortisation and depreciation	(ii)	(260,438)	(240,864)
Operating profit before finance charges		599,105	357,818
Interest on shareholders' loans		—	(26)
Profit before taxation		599,105	357,792
Income tax	(iii)	(98,787)	(59,931)
Profit and total comprehensive income		500,318	297,861
Group's effective interest		50%	50%
Group's share of profit and total comprehensive income		250,159	148,931
Fair value adjustments		(4,680)	(4,680)
		245,479	144,251
Dividend declared by the associate		240,500	297,000

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

11 Interest in associates (continued)

- (b) Summarised financial information of the Group's material associate, WHTCL, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below: (continued)

		At	At
		30 June	31 December
		2023	2022
	<i>Note</i>	\$'000	\$'000
Gross amounts of WHTCL's			
Current assets		862,629	472,566
Non-current assets		45,944	304,766
Current liabilities	(iv)	(417,314)	(266,114)
Non-current liabilities		—	(39,277)
Equity		491,259	471,941
Reconciled to the Group's interest in WHTCL			
Gross amount of net assets of the associate		491,259	471,941
Group's effective interest		50%	50%
Group's share of net assets of the associate		245,630	235,971
Fair value adjustments		614	5,294
Amount due from the associate	(v)	417	417
Carrying amount in the consolidated financial statements		246,661	241,682

Notes:

- (i) Other revenue includes income from telecommunications network providers and outdoor advertising site rental.
- (ii) Amortisation of the cost of tunnel is calculated to write off the cost over the franchise period on a units-of-usage basis whereby amortisation is provided based on the share of traffic volume for a particular period over the projected total traffic volume for the remainder of the franchise period of the tunnel. The franchise operating right will expire on 1 August 2023, being the end of the franchising period.
- (iii) Taxation for the period comprises current tax and movements in deferred tax liabilities for the period. The provision for Hong Kong Profits Tax for the six months ended 30 June 2023 is calculated at 8.25% on assessable profits up to \$2,000,000 and 16.5% on any part of assessable profits over \$2,000,000 for the year (30 June 2022: 8.25% on assessable profits up to \$2,000,000 and 16.5% on any part of assessable profits over \$2,000,000 for the year).
- (iv) Current liabilities include current tax liabilities of \$241.2 million (31 December 2022: \$101.5 million).
- (v) The amount due from the associate is unsecured, interest-free and recoverable on demand. The amount is classified as non-current as the directors do not intend to demand repayment within the next twelve months.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Trade and other receivables and deposits and prepayments

Trade and other receivables

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

	At 30 June 2023 \$'000	At 31 December 2022 \$'000
Within 1 month	3,809	9,308
1 to 3 months	173	346
Over 3 months	149	63
Trade receivables, net of loss allowance	4,131	9,717
Other receivables	44,271	88,685
Trade and other receivables	48,402	98,402
Deposits and prepayments (Note)	122,363	105,318
	170,765	203,720
Less: non-current portion	(46,257)	(45,315)
	<u>124,508</u>	<u>158,405</u>

Note: As at 30 June 2023, included in deposits and prepayments of the Group is an amount of \$46,257,000 (31 December 2022: \$45,315,000) which is related to Group's deposits placed for the properties leased for own use as driving schools. These amounts are expected to be recovered or recognised as expense after more than one year.

The remaining balance of the trade and other receivables are expected to be recovered or recognised as expense within one year.

13 Bank deposits and cash

	At 30 June 2023 \$'000	At 31 December 2022 \$'000
Deposits with banks and other financial institutions	2,166,671	1,960,921
Cash at bank and in hand	266,424	492,285
Bank deposits and cash in the consolidated statement of financial position	2,433,095	2,453,206
Less: Deposits with original maturity over three months	(79,818)	(436,368)
Cash and cash equivalents in the condensed consolidated cash flow statement	<u>2,353,277</u>	<u>2,016,838</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Trade and other payables

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

	At 30 June 2023 \$'000	At 31 December 2022 \$'000
Within 1 month	1,289	2,078
1 month to 3 months	226	910
Over 3 months but within 6 months	5,721	4,913
Trade payables	7,236	7,901
Other payables and accruals	60,852	103,447
	68,088	111,348

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

15 Capital, reserves and dividends

(a) Dividends

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

	Six months ended 30 June	
	2023 \$'000	2022 \$'000
First quarterly interim dividend declared during the interim period of \$0.06 per share (2022: \$0.06 per share)	22,361	22,361
Second quarterly interim dividend declared after the interim period of \$0.06 per share (2022: \$0.06 per share)	22,361	22,361
	44,722	44,722

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

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

	Six months ended 30 June	
	2023 \$'000	2022 \$'000
Final dividend in respect of the previous financial year, declared and approved during the interim period of \$0.24 per share (2022: \$0.24 per share)	89,445	89,445

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

15 Capital, reserves and dividends (continued)

(b) Share capital

Issued share capital

	2023		2022	
	No. of shares '000	Amount \$'000	No. of Shares '000	Amount \$'000
Ordinary shares, issued and fully paid:				
At 1 January	<u>372,688</u>	<u>1,629,461</u>	<u>372,688</u>	<u>1,629,461</u>
At 30 June/31 December	<u>372,688</u>	<u>1,629,461</u>	<u>372,688</u>	<u>1,629,461</u>

16 Fair value measurement

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

16 Fair value measurement (continued)

Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 30 June 2023 \$'000	Fair value measurements as at 30 June 2023 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements				
Assets				
Financial assets measured at FVOCI (non-recycling):				
– Equity securities listed in Hong Kong	59,420	59,420	–	–
Financial assets measured at FVPL:				
– Unlisted fund investments	3,409,761	–	1,807	3,407,954
– Unlisted equity security	156,478	–	–	156,478
– Equity securities listed in Hong Kong	737,855	737,855	–	–
– Equity securities listed outside Hong Kong	288,777	288,777	–	–
– Debt security listed outside Hong Kong	35,844	35,844	–	–
– Treasury bills	147,379	147,379	–	–
	<u>4,835,514</u>	<u>1,269,275</u>	<u>1,807</u>	<u>3,564,432</u>
	Fair value at 31 December 2022 \$'000	Fair value measurements as at 31 December 2022 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000

Recurring fair value measurements

Assets

Financial assets measured at FVOCI

(non-recycling):

– Equity securities listed in Hong Kong

61,793 61,793 – –

Financial assets measured at FVPL:

– Unlisted fund investments

3,125,590 – 2,764 3,122,826

– Unlisted equity security

156,478 – – 156,478

– Equity securities listed in Hong Kong

788,179 788,179 – –

– Equity securities listed outside Hong Kong

227,563 227,563 – –

– Debt security listed outside Hong Kong

82,826 82,826 – –

4,442,429 1,160,361 2,764 3,279,304

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

16 Fair value measurement (continued)

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the financial assets is determined based on executable quotes provided by investment fund managers.

Information about Level 3 fair value measurements

The fair value of unlisted equity security is determined using the price/sales ratios of comparable listed companies adjusted by lack of marketability discount. The fair value measurement is negatively correlated to discount for lack of marketability.

<u>Instruments</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Weighted average</u>	<u>Change in unobservable inputs</u>	<u>Favourable/ (unfavourable) impact on profit or loss</u>
As at 30 June 2023					
- Unlisted equity security	Market comparable companies	Discount for lack of marketability	220%	+/-5%	+/- HK\$6,275,000
As at 31 December 2022					
- Unlisted equity security	Market comparable companies	Discount for lack of marketability	220%	+/-5%	+/- HK\$6,275,000

The Group's unlisted private funds categorised in Level 3 were managed by unrelated asset managers who applied various investment strategies to accomplish their respective investment objectives. The fair value of these funds is recorded based on valuations supplied by the fund managers. These valuations are measured by the percentage of ownership of the private equity's net asset value, which is an unobservable input. The fund managers estimated the fair value of underlying investments based on direct market quote for level 1 financial instruments. For other investments, the fund managers apply appropriate valuation techniques such as latest transaction price, discounted cash flow, or a forward price/earnings multiple arrived at by comparison with publicly-traded comparable companies and after applying a liquidity discount. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instruments or based on any available observable market data.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

16 Fair value measurement (continued)

Information about Level 3 fair value measurements (continued)

The movements during the period in the balance of Level 3 fair value measurements are as follows:

	2023 \$'000	2022 \$'000
<i>Financial assets measured at FVPL:</i>		
<i>- Unlisted fund investments:</i>		
At 1 January	3,122,826	2,815,749
Payment for capital contribution	235,528	476,883
Proceeds from distribution	(4,597)	(83,922)
Changes in fair value recognised in profit or loss during the period	<u>54,197</u>	<u>(262,827)</u>
At 30 June	<u><u>3,407,954</u></u>	<u><u>2,945,883</u></u>
<i>- Unlisted equity security</i>		
At 1 January	156,478	83,946
Changes in fair value recognised in profit or loss during the period	<u>—</u>	<u>538</u>
At 30 June	<u><u>156,478</u></u>	<u><u>84,484</u></u>

17 Commitments

Investment commitment

The Group makes capital commitments to various funds. At the end of the reporting period, the Group had the following outstanding commitments to make capital contributions to investment vehicles:

	At 30 June 2023	At 31 December 2022
Private funds	<u><u>2,049,470</u></u>	<u><u>2,037,170</u></u>

18 Material related party transactions

During the period, the Group entered into the following material related party transactions:

- The Group received interest income and management fee income from WHTCCL of \$Nil (30 June 2022: \$13,000) and \$1.25 million (30 June 2022: \$1.25 million) respectively.
- The Group received consultancy fees and management fee income from a joint venture of \$2.4 million (30 June 2022: \$2.1 million).

19 Non-adjusting event after the reporting period

On 22 August 2023, the Directors proposed a second quarterly interim dividend. Further details are set out in note 15(a) "Dividends".

Review Report to the Board of Directors

Review Report to the Board of Directors of The Cross-Harbour (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 2 to 26 which comprises the consolidated statement of financial position of The Cross-Harbour (Holdings) Limited as of 30 June 2023 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Hong Kong, 22 August 2023

Management Discussion and Analysis

The board of directors (the “Board”) of The Cross-Harbour (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023. The interim results have been reviewed by the audit committee of the Company and KPMG.

Group Results

The Group reported a profit attributable to shareholders of HK\$422.7 million (30 June 2022: loss of HK\$192.2 million) for the six months ended 30 June 2023. The profit was primarily due to the net profit of treasury management business of HK\$117.0 million (30 June 2022: loss of HK\$375.6 million). Earnings per share were HK\$1.13 (30 June 2022: loss per share: HK\$0.52).

Dividends

A first quarterly interim dividend of HK\$0.06 per share, absorbing a total amount of approximately HK\$22.4 million, was paid on 7 July 2023. The Board has today declared a second quarterly interim dividend of HK\$0.06 per share payable on 15 September 2023 to shareholders of the Company registered at the close of business on 8 September 2023.

Closure of Books

The register of members and transfer books of the Company will be closed from Wednesday, 6 September 2023 to Friday, 8 September 2023, during which period no transfer of shares in the Company will be registered. In order to qualify for the second quarterly interim dividend, all transfer documents and accompanying share certificates must be lodged for registration with Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m., Tuesday, 5 September 2023.

Business Review and Prospects

Hong Kong’s economy followed a path to recovery as its borders fully reopened and all anti-pandemic measures and restrictions were lifted by early 2023. GDP of the first quarter resumed year-on-year growth of 2.7%. Over the past few months, retail sales have been rising due to better labor market conditions and the continued growth of tourism. The value of total retail sales increased by 21% for the first five months of 2023 as compared with the same period in 2022, and the unemployment rate dropped to 2.9% in June. Meanwhile, the Mainland China economy demonstrated improvement as COVID-19 pandemic subsided and the anti-pandemic measures were removed, and the introduction of various encouraging government measures. However, the external environment remained weak due to high inflation in the US and Europe, causing their central banks to tighten monetary policies by increasing interest rates. Some regional banks in the US were adversely affected by interest rate hikes. The global economy also continues to be influenced by the uncertainties over the ongoing conflicts between China and US, and the war between Russia and Ukraine. Looking ahead to the second half of 2023, the business environment of Hong Kong is expected to be positive as domestic demand and inbound tourism would remain strong, as supported by the disbursement of consumption vouchers and a series of “Happy Hong Kong” events. The global financial markets remain volatile in the rest of 2023 in view of uncertainties from central banks policies, and tensions between the major powers such as US, China and Russia.

Motoring School Operation

Alpha Hero Group (70% owned) operates driving training schools in Hong Kong. Operating income for the first half of 2023 significantly increased by 33.4% as compared to the last corresponding period primarily because of the increase in demand for non-motorcycle driving training courses and higher lesson income unit rate. The number of non-motorcycle driving lessons delivered for the first half of 2023 increased by 30.0% as compared to the last corresponding period. Higher demand for driving training course was also due to the Transport Department suspending all driving test services from late January 2022 to mid-April 2022 during the fifth wave of COVID-19 outbreak. We expect that the driving training market in 2023 would grow gradually because of the rising demand for driving lessons in the post-COVID-19 era.

Management Discussion and Analysis

Electronic Toll Operation

Autotoll (BVI) Limited (“Autotoll”), a jointly controlled entity, 50% owned by The Autopass Company Limited (a 70% owned subsidiary), operates electronic toll collection (“ETC”) system and provides telematics services, intelligent transportation and surveillance system solutions, and smart city service solutions in Hong Kong.

Autotoll had been awarded government tenders for the Free-flow Tolling System (namely “HKeToll”), including the development of backend system, the data acquisition systems, the provision of toll tags and the toll collection services at government tolled tunnels and Tsing Sha Control Area (“TSCA”). HKeToll is one of the major smart mobility initiatives of the Transport Department. HKeToll will be implemented in phases at all government-tolled tunnels and roads and eventually replace the current ETC facilities and manual toll booths. On 7 May 2023, HKeToll was implemented firstly in TSCA. Subsequently, on 21 May 2023, 28 May 2023, 23 July 2023, and 6 August 2023, HKeToll was further implemented at the Shing Mun Tunnel, Lion Rock Tunnel, Cross-Harbour Tunnel, and Western Harbour Tunnel respectively. Additionally, HKeToll is scheduled to be implemented at Eastern Harbour Tunnel on 27 August 2023.

At the moment there are thirty-three auto-toll lanes in operation as of 30 June 2023. The total number of tags in circulation was about 341,000 as at 30 June 2023. The overall usage of auto-toll facilities in all toll roads and tunnels during the period was about 44%. The number of daily transactions handled by Autotoll was about 254,000 with a toll amount of approximately HK\$8.0 million. The number of subscribers for the Global Positioning System at the end of June was about 14,000. It is expected that the number of tags for ETC facilities would continue to decrease in the second half of 2023.

Tunnel Operation

Western Harbour Tunnel Company Limited (“WHTCL”), a 50% owned associate, operates the Western Harbour Tunnel (“WHT”) in Hong Kong under a 30 years’ franchise. The average daily throughput of the WHT for the first half of 2023 increased by 40.7% to 62,677 vehicle journeys as compared to 44,531 vehicle journeys recorded in the last corresponding period. The average toll per vehicle decreased from HK\$82.5 in the last corresponding period to HK\$81.0 in the first half of 2023. WHT’s market share was increased from about 20.9% in the last corresponding period to about 25.5% for the current period.

On 1 August 2023, the franchise of WHT expired and the ownership of the WHT has transferred to the Government. As a result, WHTCL’s contribution to the Group will reduce significantly and the tunnel operation will be discontinued in the second half of 2023.

Treasury Management Business

The overall performance of the global financial market is satisfactory in the first half of 2023. Major stock market indices have increased, such as Dow Jones Industrial Average increased around 3.8% to 34,408, Nasdaq Composite increased around 31.7% to 13,788, and SSE Composite Index increased around 3.7% to 3,202. However, the local market Hang Seng Index dropped around 4.4% to 18,916. Despite this complex market development, the Group recorded a net fair value gain on financial assets of HK\$73.5 million in the first half of 2023.

The Group has continued to make capital contributions to various unlisted funds of different industries and regions and increased the investment in equity securities listed outside Hong Kong, in order to diversify the investment portfolio of the Group. The Group has disposed of some portion of listed equity securities to realize the fair value gain and part of the sale proceeds to invest in US Treasury bills. As of 30 June 2023, the Group’s investment portfolio consists of a total of 92 (31 December 2022: 87) investments, which mainly comprised 52 (31 December 2022: 49) investments in unlisted funds and 36 (2022: 33) investments in equity securities. Overall, the value of the Group’s investment portfolio during the period increased slightly to HK\$4,835.5 million.

Commentary on Interim Results

(I) Review of 2023 Interim Results

The Group reported a profit attributable to shareholders of HK\$422.7 million (30 June 2022: loss of HK\$192.2 million) for the six months ended 30 June 2023. The profit was primarily due to the net profit of treasury management business of HK\$117.0 million (30 June 2022: loss of HK\$375.6 million). In addition, the profit contribution from tunnel operation was increased to HK\$246.7 million (30 June 2022: HK\$145.5 million).

The Group recorded a total revenue of HK\$412.2 million in the first half of 2023, representing an increase of 35.8% as compared to HK\$303.5 million recorded in the last corresponding period. The increase in total revenue was mainly due to the increase in revenue from motoring school operation.

Performance of the treasury management segment for the first half of 2023

The treasury management business achieved a net profit of HK\$117.0 million in the current period. This profit primarily consists of various components, including a net fair value gain of HK\$73.5 million on financial assets measured at fair value through profit or loss ("FVPL"), dividend income and interest income from investment portfolio of HK\$39.2 million, interest income from bank of HK\$31.4 million, and impairment losses on interest-bearing instruments of HK\$16.6 million. Taking into account of net fair value loss on financial assets measured at fair value through other comprehensive income of HK\$2.4 million recorded in the fair value reserve, the overall performance of treasury management segment was significantly improved during the current period as compared to the corresponding period in 2022.

The net fair value gain on financial assets measured at FVPL of HK\$73.5 million (30 June 2022: loss of HK\$394.9 million) was mainly attributable to (i) the net fair value gain on unlisted fund investments of HK\$53.3 million (30 June 2022: loss of HK\$264.6 million), (ii) the net fair value gain on equity securities of HK\$93.3 million (30 June 2022: loss of HK\$129.1 million), (iii) the net fair value loss on debt securities of HK\$58.9 million (30 June 2022: loss of HK\$1.2 million), and (iv) the fair value loss on derivative financial instruments of HK\$16.7 million (30 June 2022: Nil).

The net fair value gain on equity securities measured at FVPL of HK\$93.3 million was attributable to (i) the net fair value gain of listed securities in Hong Kong of HK\$58.3 million (30 June 2022: loss of HK\$72.9 million) and (ii) the net fair value gain of listed securities outside Hong Kong of HK\$35.0 million (30 June 2022: loss of HK\$56.8 million). The net fair value gain of equity securities measured at FVPL mainly included the fair value gain of China Telecom Corporation Limited (Stock Code: 728) of HK\$62.0 million (30 June 2022: HK\$6.0 million) and the fair value gain of Salesforce, Inc. (Stock Code: CRM) of HK\$29.4 million (30 June 2022: loss of HK\$11.9 million).

During the current period, dividend income from listed equity securities decreased to HK\$21.9 million (30 June 2022: HK\$26.8 million), interest income from listed debt securities decreased to HK\$13.8 million (30 June 2022: HK\$18.5 million), and interest income derived from interest-bearing instruments also decreased to HK\$3.5 million (30 June 2022: HK\$10.3 million). On the other hand, interest income from bank deposits increased to HK\$31.4 million (30 June 2022: HK\$1.0 million) during the current period. Additionally, the impairment loss on interest-bearing instruments decreased to HK\$16.6 million (30 June 2022: HK\$16.8 million) for the current period.

Management Discussion and Analysis

Performance of other reportable segments for the first half of 2023

The motoring school operation recorded an increase in revenue of 33.5% to HK\$320.6 million (30 June 2022: HK\$240.2 million) mainly due to an increase in demand for vehicle driving lessons and higher lesson income unit rate. Operating expenses increased during the current period because of the decrease in receipts of subsidies granted from the Hong Kong Government for COVID-19 and higher rental expenses. Therefore, the profit before tax from the motoring school operation increased by 36.1% to HK\$133.4 million (30 June 2022: HK\$98.0 million).

The Group's share of profits of an associate, Western Harbour Tunnel Company Limited which operates Western Harbour Tunnel ("WHT"), increased by 70.1% to HK\$245.5 million as compared to HK\$144.3 million in the last corresponding period. Toll revenue of WHT increased by 38.2% to HK\$918.8 million as compared to HK\$665.0 million in the last corresponding period, because of the increase in traffic volume of the tunnel by 40.7%. Higher traffic was mainly due to the reopening of its borders and the lifting of anti-pandemic measures and restrictions in the first quarter of 2023.

The Group's share of profits of a joint venture, Autotoll (BVI) Limited, which operates electronic toll collection system, provides telematics services, intelligent transport and surveillance system solutions and smart city service solutions, was HK\$10.9 million for the first half of 2023 as compared to HK\$11.6 million recorded in the last corresponding period.

(II) Treasury Investments and Significant Investments Held

As at 30 June 2023, the Group maintained an investment portfolio with a carrying amount of HK\$4,835.5 million (31 December 2022: HK\$4,459.0 million). The portfolio composed of HK\$3,409.8 million (31 December 2022: HK\$3,125.6 million) unlisted fund investments, HK\$1,242.5 million (31 December 2022: HK\$1,234.0 million) listed and unlisted equity securities, HK\$147.4 million treasury bills (31 December 2022: Nil), and HK\$35.8 million (31 December 2022: HK\$82.8 million) listed debt securities. Certain securities were pledged to certain financial institutions to secure margin and securities facilities granted to the Group in respect of securities and derivatives transactions. As at 30 June 2023 and 31 December 2022, these facilities were not utilised by the Group.

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

	1 January 2023 HK\$ million	Addition HK\$ million	Disposal/ Distribution HK\$ million	Fair value change in OCI HK\$ million	Fair value change in profit and loss/ ECL HK\$ million	30 June 2023 HK\$ million
Financial assets measured at FVOCI						
- Listed equity securities	61.8	—	—	(2.4)	—	59.4
Financial assets measured at FVPL						
- Unlisted fund investments	3,125.6	235.5	(4.6)	—	53.3	3,409.8
- Listed equity securities	1,015.7	89.8	(172.2)	—	93.3	1,026.6
- Unlisted equity security	156.5	—	—	—	—	156.5
- Treasury bills	—	207.2	(62.3)	—	2.5	147.4
- Listed debt securities	82.8	11.9	—	—	(58.9)	35.8
- Derivative financial instruments	—	16.7	—	—	(16.7)	—
	4,380.6	561.1	(239.1)	—	73.5	4,776.1
Financial assets measured at amortised cost						
- Interest-bearing instruments	16.6	—	—	—	(16.6)	—
	<u>4,459.0</u>	<u>561.1</u>	<u>(239.1)</u>	<u>(2.4)</u>	<u>56.9</u>	<u>4,835.5</u>

Management Discussion and Analysis

The aggregate value of the investment portfolio increased by HK\$376.5 million during the period.

During the period, the additions of financial assets amounted to HK\$561.1 million, which consisted of investments in 29 unlisted funds amounting to HK\$235.5 million, investments in treasury bills amounting to HK\$207.2 million, investments in 6 listed equity securities amounting to HK\$89.8 million, investments in derivative financial instruments amounting to HK\$16.7 million, and investment in a listed debt security amounting to HK\$11.9 million.

During the period, the disposals of financial assets amounted to HK\$239.1 million, which consisted of divestments of 6 listed equity securities amounting to HK\$172.2 million, divestments of treasury bills amounting to HK\$62.3 million, and divestments of 4 unlisted funds amounting to HK\$4.6 million.

Other movements in the investment portfolio during the period included a net fair value gain on financial assets measured at FVPL of HK\$73.5 million, a net fair value loss on financial assets measured at FVOCI of HK\$2.4 million, and an impairment loss on interest-bearing instruments of HK\$16.6 million.

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

Diversified Absolute Return Fund

Diversified Absolute Return Fund (“DARF”) is an unlisted fund managed by asset managers who applied various investment strategies to accomplish their respective investment objectives. The principal business of DARF is to invest for returns from capital appreciation and investment income, either through the use of special purpose vehicles or by investing directly. As at 30 June 2023, the Group held about 41,805 class A shares and 26,700 class E1 shares of DARF and recorded a fair value of HK\$705.9 million (31 December 2022: HK\$726.9 million) in respect of its holding in 30.6% of the shares of such investment, which exceeded the purchase cost of HK\$610.2 million for such investment and represented 8.4% of the Group's total assets and 14.6% of the aggregate fair value of the Group's investment portfolio. In terms of performance, a fair value loss of HK\$21.0 million (30 June 2022: HK\$36.0 million) on such investment was recognised in profit or loss for the period. No distribution was received from such investment for the period (30 June 2022: nil).

Other than the significant investments mentioned above, the carrying amount of each of the financial assets of the Group's investment portfolio represented less than 5% of the Group's total assets as at 30 June 2023. Other financial assets composed of unlisted fund investments, listed and unlisted equity securities, treasury bills and listed debt securities (accounting for 55.9%, 25.7%, 3.1% and 0.7% of the carrying amount of the Group's investment portfolio respectively).

The Group invested in diverse unlisted funds with different focuses on industries, sectors, regions, and asset types, in order to achieve investment objectives of reducing investment concentration risk and to enhance returns for its shareholders. Apart from the significant unlisted fund “DARF” mentioned above, the Group at 30 June 2023 held a total of 51 unlisted funds with an aggregate fair value of HK\$2,703.9 million (accounting for 32.1% of the Group's total assets) and their underlying investments include listed and unlisted equity securities, debt securities, structured products and venture capital deals in various regions, covering various industries and sectors including automobile, biotechnology, e-Commerce, enterprise software, healthcare and related services, information technology, internet services, industrials, logistic, pharmaceuticals and transportation.

Equity securities held by the Group at 30 June 2023 comprised a total of 36 listed and unlisted equity securities with an aggregate fair value of HK\$1,242.5 million (accounting for 14.7% of the Group's total assets) covering various industry sectors including telecommunications, information technology, e-Commerce, software, biotechnology, materials, financial services, securities investment, asset management, property (development, investment and management), industrial and infrastructure. The listed equity securities are listed in various stock exchanges including Hong Kong, the United States, United Kingdom, Singapore and Canada.

Management Discussion and Analysis

Listed debt securities held by the Group at 30 June 2023 comprised a total of 2 listed bonds with an aggregate fair value of HK\$35.8 million (accounting for 0.4% of the Group's total assets) with coupon rates ranging from 6.5% to 12.0% per annum, and they are issued by Hong Kong listed companies or its subsidiaries primarily operating in the PRC real estate sector.

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

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

(III) Liquidity and Financial Resources

As at 30 June 2023, the Group had bank balances and deposits in the amount of HK\$2,433.1 million (31 December 2022: HK\$2,453.2 million). The Group did not have any bank borrowings as at 30 June 2023 (31 December 2022: nil). The gearing ratio, if any, is calculated as the ratio of net bank borrowings to total equity. Except for the Group's bank deposits denominated in foreign currencies other than the United States dollars, the Group's major sources of income and major assets are denominated in Hong Kong dollars and United States dollars.

(IV) Comments on Segmental Information

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries, associates and a joint venture are motoring school operations, treasury management and securities investment, tunnel operations and electronic toll collection operation.

(V) Employees

The Group has 689 employees. The Group's remuneration policy is formulated to ensure fair and competitive packages based on business needs and industry practice. Employees are rewarded according to their contributions to the Group, time commitment and responsibility undertaken. Apart from provident fund schemes, medical insurance and training subsidies, discretionary bonuses and employee share options will be awarded to employees of the Group at the discretion of the Board, depending upon the financial performance of the Group. Total staff costs for the current period amounted to HK\$158.5 million (30 June 2022: HK\$124.0 million).

Disclosure of Interests

Directors' and Chief Executive's Interests and Short Positions

The register kept by the Company under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") shows the following directors' interests and long positions in shares and/or in debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2023:

(a) Interests in the Company – Shares

Name of director	Capacity	No. of shares held	Total no. of shares held	Approximate % of interest
Cheung Chung Kiu	Interest of controlled corporation	271,616,585	271,616,585 ¹	72.88%
Wong Chi Keung	Beneficial owner	306,019	306,019	0.08%
Ng Kwok Fu	Beneficial owner	9,708	17,474	0.01%
	Interest of spouse	<u>7,766</u>		

(b) Interests in C C Land Holdings Limited (associated corporation) – Shares

Name of director	Capacity	No. of shares held	Total no. of shares held	Approximate % of interest
Cheung Chung Kiu	Interest of controlled corporation	2,871,231,906	2,871,231,906 ²	73.96%

(c) Interests in Instant Glory International Limited (associated corporation) – Shares

Name of director	Capacity	No. of shares held	Total no. of shares held	Approximate % of interest
Cheung Chung Kiu	Interest of controlled corporation	1	1 ³	50%

(d) Interests in Perfect Point Ventures Limited (associated corporation) – Debentures

Name of director	Capacity	Amount of debentures held	Amount of debentures in same class in issue
Cheung Chung Kiu	Beneficial owner	US\$124,000,000	US\$300,000,000

Notes:

- Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") was deemed to be interested in 271,616,585 shares in the Company by virtue of his indirect control of Rose Dynamics Limited ("Rose Dynamics") which owned those shares. Rose Dynamics was a wholly owned subsidiary of Windsor Dynasty Limited ("Windsor Dynasty"), a company wholly owned by Mr. C.K. Cheung.
- Mr. C.K. Cheung was deemed to be interested in 2,871,231,906 shares in C C Land Holdings Limited ("C C Land") by virtue of his indirect control of Fame Seeker Holdings Limited ("Fame Seeker") which owned those shares. Fame Seeker was a wholly owned subsidiary of Windsor Dynasty.
- Mr. C.K. Cheung was deemed to be interested in 1 share representing 50% interest in Instant Glory International Limited by virtue of his direct control of Victory Trend Holdings Limited which owned the share.

Disclosure of Interests

Save as disclosed herein, as at 30 June 2023, there were no other interests or short positions in shares and underlying shares and in debentures, of the Company, or of any of its associated corporations, recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Code for Securities Transactions by Directors adopted by the Company.

Share Scheme

The share option scheme adopted by the Company on 21 May 2015 (the "Scheme") is the only share option scheme of the Company. A summary of the principal terms of the Scheme is given in the circular to shareholders dated 17 April 2015.

No option has been granted under the Scheme since its adoption and up to and including 30 June 2023. Therefore, no option lapsed and no option was exercised or cancelled under the Scheme during the period. Nor were there any outstanding options with regard to the Scheme and any other schemes of the Company at the beginning and/or at the end of the period.

There was a total of 37,268,820 shares available for issue under the Scheme at the beginning and/or at the end of the period.

Other Persons' Interests and Short Positions

As at 30 June 2023, the interests and long positions of other persons (not being directors or chief executives) in the shares of the Company recorded in the register kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Capacity	No. of shares held	Approximate % of interest
Windsor Dynasty	Interest of controlled corporation	271,616,585	72.88%
Rose Dynamics	Beneficial owner	271,616,585	72.88%

Note: Each parcel of 271,616,585 shares represents Rose Dynamics' direct interest in the Company. Windsor Dynasty was deemed to be interested in those shares by virtue of its direct control of Rose Dynamics.

Apart from the above and Mr. C.K. Cheung's interest already disclosed on page 34, there were no other interests or short positions in shares and underlying shares of the Company recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as at 30 June 2023.

Corporate Governance Code

Throughout the accounting period covered by the interim report, the Company complied with the code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Main Board Listing Rules (the “Listing Rules”) save for the deviation described below.

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

Model Code for Securities Transactions

The Company has adopted codes of conduct regarding securities transactions by directors and by relevant employees (within the meaning of the CG Code) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”).

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

Purchase, Sale or Redemption of Shares

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

Review by Audit Committee

The interim report has been reviewed by the audit committee of the Company and KPMG. The audit committee of the Company has also reviewed the accounting principles and practices adopted by the Company and discussed internal control, risk management and financial reporting matters with management.

Other Information

Update on Directors' Information

Changes in directors' details since the date of the 2022 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below.

Mr. Luk Yu King, James has retired as an Independent Non-executive Director and ceased to be the chairman and a member of the audit committee of the Company with effect from the conclusion of the annual general meeting of the Company held on 22 May 2023.

Mr. Wong Lung Tak, Patrick ("Mr. Wong") has been appointed as an Independent Non-executive Director and a member of the audit committee of the Company with effective from the conclusion of the annual general meeting of the Company held on 22 May 2023.

Save that Mr. Wong has been appointed as an independent non-executive director of Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd., which is listed on The Stock Exchange of Hong Kong Limited, with effect from 30 May 2023, there has been no change to the biographical details or other information of Mr. Wong disclosed in the circular dated 19 April 2023 and the announcement dated 22 May 2023 of the Company.

Mr. Leung Yu Ming, Steven has been appointed as the chairman of the audit committee of the Company with effective from the conclusion of the annual general meeting of the Company held on 22 May 2023.

Save as disclosed above, the Company has not been advised by its directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since its last update to shareholders.

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

Hong Kong, 22 August 2023