



The Cross-Harbour (Holdings) Limited

(Stock Code : 32)




INTERIM REPORT
2024





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Corporate Information

(As of 22 August 2024)

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
Leung Yu Ming, Steven
Wong Lung Tak, Patrick, BBS, JP

Audit Committee

Leung Yu Ming, Steven (*Chairman*)
Ng Kwok Fu
Wong Lung Tak, Patrick

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
Tel: (852) 2161 1888
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

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2024 \$'000	2023 \$'000 (restated)
Continuing operations			
Revenue from contracts with customers within the scope of HKFRS 15	4(a)	382,308	322,974
Revenue from other sources	4(a)	19,961	22,808
Interest revenue from debt securities measured at fair value through profit or loss	4(a)	—	13,818
Other interest revenue	4(a)	67,916	51,355
Total revenue		470,185	410,955
Other net gains	5	116,879	73,591
Direct costs and operating expenses		(148,390)	(127,349)
Selling and marketing expenses		(14,451)	(13,652)
Administrative and corporate expenses		(121,050)	(97,830)
Impairment losses on financial assets	6(b)	—	(16,602)
Profit from operations		303,173	229,113
Finance costs	6(a)	(9,358)	(6,143)
Share of profits of a joint venture		845	10,919
Profit before taxation	6	294,660	233,889
Income tax	7	(22,315)	(20,232)
Profit for the period from continuing operations		272,345	213,657
Discontinued operation			
Profit for the period from discontinued operation	8	3,202	246,729
Profit for the period		275,547	460,386
Attributable to:			
Equity shareholders of the Company			
– from continuing operations		231,970	175,929
– from discontinued operation		3,202	246,729
		235,172	422,658
Non-controlling interests		40,375	37,728
Profit for the period		275,547	460,386
Earnings per share			
Basic and diluted	9	\$0.63	\$1.13
From continuing operations			
Basic and diluted		\$0.62	\$0.47
From discontinued operation			
Basic and diluted		\$0.01	\$0.66

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 16.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

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

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 2024 - unaudited
(Expressed in Hong Kong dollars)

	Note	30 June 2024 \$'000	\$'000	31 December 2023 \$'000	\$'000
Non-current assets					
Property, plant and equipment	10		475,946		519,764
Interest in an associate	12		2,474		2,474
Interest in a joint venture			160,579		159,750
Other financial assets	11		3,724,428		3,942,069
Deposits and prepayments	13		47,610		44,880
Deferred tax assets			1,313		1,163
			<u>4,412,350</u>		<u>4,670,100</u>
Current assets					
Interest in an associate	12		18,397		15,195
Inventories			1,377		1,283
Other financial assets	11		1,082,698		984,143
Trade and other receivables	13		335,805		70,482
Amount due from a joint venture			—		9,000
Dividend receivable			9,323		851
Bank deposits and cash	14		2,677,142		2,764,791
			<u>4,124,742</u>		<u>3,845,745</u>
Current liabilities					
Trade and other payables	15		73,272		130,455
Contract liabilities			535,572		591,698
Lease liabilities			80,941		78,836
Taxation payable			17,755		4,911
Dividends payable			23,297		23,092
			<u>730,837</u>		<u>828,992</u>
Net current assets			<u>3,393,905</u>		<u>3,016,753</u>

Consolidated Statement of Financial Position

As at 30 June 2024 - unaudited
(Expressed in Hong Kong dollars)

	Note	30 June 2024 \$'000	31 December 2023 \$'000
Total assets less current liabilities		<u>7,806,255</u>	<u>7,686,853</u>
Non-current liabilities			
Lease liabilities		229,432	270,023
Deferred tax liabilities		<u>3,547</u>	<u>3,797</u>
		<u>232,979</u>	<u>273,820</u>
NET ASSETS		<u>7,573,276</u>	<u>7,413,033</u>
CAPITAL AND RESERVES			
Share capital	16(b)	1,629,461	1,629,461
Reserves		<u>5,710,096</u>	<u>5,585,724</u>
Total equity attributable to equity shareholders of the Company		<u>7,339,557</u>	<u>7,215,185</u>
Non-controlling interests		<u>233,719</u>	<u>197,848</u>
TOTAL EQUITY		<u>7,573,276</u>	<u>7,413,033</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 2024 - unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	Fair value reserve (non-recycling)	Exchange reserve	Retained profits	Total		
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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	16(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	16(a)	—	—	—	(22,361)	(22,361)	—	(22,361)
Balance at 30 June 2023	<u>1,629,461</u>	<u>1,984</u>	<u>27,118</u>	<u>(70)</u>	<u>5,510,229</u>	<u>7,168,722</u>	<u>217,831</u>	<u>7,386,553</u>
Balance at 1 July 2023	1,629,461	1,984	27,118	(70)	5,510,229	7,168,722	217,831	7,386,553
Changes in equity for the six months ended 31 December 2023:								
Profit for the period	—	—	—	—	97,316	97,316	37,169	134,485
Other comprehensive income	—	—	(6,197)	67	—	(6,130)	28	(6,102)
Total comprehensive income	—	—	(6,197)	67	97,316	91,186	37,197	128,383
Non-controlling interest's share of dividends		—	—	—	—	—	(57,180)	(57,180)
Dividends declared in respect of the current financial year		—	—	—	(44,723)	(44,723)	—	(44,723)
Balance at 31 December 2023	<u>1,629,461</u>	<u>1,984</u>	<u>20,921</u>	<u>(3)</u>	<u>5,562,822</u>	<u>7,215,185</u>	<u>197,848</u>	<u>7,413,033</u>

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 - unaudited

(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Company					Total	Non-controlling interests	Total equity
		Share capital	Capital reserve	Fair value reserve (non-recycling)	Exchange reserve	Retained profits			
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2024		1,629,461	1,984	20,921	(3)	5,562,822	7,215,185	197,848	7,413,033
Changes in equity for the six months ended 30 June 2024:									
Profit for the period		-	-	-	-	235,172	235,172	40,375	275,547
Other comprehensive income		-	-	1,018	(12)	-	1,006	(4)	1,002
Total comprehensive income		-	-	1,018	(12)	235,172	236,178	40,371	276,549
Dividend approved in respect of the previous financial year	16(a)	-	-	-	-	(89,445)	(89,445)	-	(89,445)
Non-controlling interest's share of dividends		-	-	-	-	-	-	(4,500)	(4,500)
Dividends declared in respect of the current financial year	16(a)	-	-	-	-	(22,361)	(22,361)	-	(22,361)
Balance at 30 June 2024		1,629,461	1,984	21,939	(15)	5,686,188	7,339,557	233,719	7,573,276

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 2024 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2024 \$'000	2023 \$'000
Operating activities			
Cash generated from operations		19,010	40,312
Tax paid		(9,871)	(9,316)
Net cash generated from operating activities		9,139	30,996
Investing activities			
Decrease in deposits with banks with original maturity over three months		4,604	356,550
Decrease in amount due from a joint venture		9,000	9,000
Payments for purchase of other financial assets at FVPL		(250,787)	(528,727)
Payment for purchase of property, plant and equipment		(3,538)	(7,671)
Dividends received from equity securities at FVPL		10,645	10,542
Dividends received from equity securities at FVOCI (non-recycling)		556	578
Dividends received from associates		—	230,500
Proceeds from distribution of unlisted funds at FVPL		52,143	72,261
Proceeds from disposal of unlisted funds at FVPL		61,157	—
Proceeds from sale of treasury bills at FVPL		—	46,780
Proceeds from sale of equity securities at FVPL		119,303	172,237
Interest received		69,078	51,470
Other cash flows arising from investing activities		74	126
Net cash generated from investing activities		72,235	413,646
Financing activities			
Dividends paid to equity shareholders of the Company		(111,601)	(89,203)
Capital element of lease rentals paid		(38,960)	(9,707)
Interest element of lease rentals paid		(9,358)	(6,143)
Other cash flows arising from financing activities		(4,500)	(3,150)
Net cash used in financing activities		(164,419)	(108,203)
Net (decrease)/increase in cash and cash equivalents		(83,045)	336,439
Cash and cash equivalents at 1 January		2,498,528	2,016,838
Cash and cash equivalents at 30 June	14	2,415,483	2,353,277

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

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

2 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 22 August 2024.

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

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

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 2023 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 2023 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Changes in accounting policies

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

4 Revenue and segment reporting

(a) Revenue

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

(i) Disaggregation of revenue

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

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 Revenue and segment reporting (continued)

(a) Revenue (continued)

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

(b) Segment reporting

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

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

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

(i) Segment results and assets

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

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

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

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 periods ended 30 June 2024 and 2023 is set out below.

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

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	
	2024	2023
	\$'000	\$'000
		(restated)
Revenue		
Reportable segment revenue	469,897	410,004
Unallocated head office and corporate revenue	288	951
	<u>470,185</u>	<u>410,955</u>
Consolidated revenue (continuing operations)	<u>470,185</u>	<u>410,955</u>
	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
		(restated)
Profit		
Reportable segment profit before taxation	326,788	263,546
Unallocated head office and corporate income and expenses	(32,128)	(29,657)
	<u>294,660</u>	<u>233,889</u>
Consolidated profit before taxation (continuing operations)	<u>294,660</u>	<u>233,889</u>
	At	At
	30 June	31 December
	2024	2023
	\$'000	\$'000
Assets		
Reportable segment assets	8,497,604	8,477,781
Discontinued operation	18,397	15,195
Unallocated head office and corporate assets	21,091	22,869
	<u>8,537,092</u>	<u>8,515,845</u>
Consolidated total assets	<u>8,537,092</u>	<u>8,515,845</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

5 Other net gains

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

6 Profit before taxation

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Income tax

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

The provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first \$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

8 Discontinued operation

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

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

	Note	Six months ended 30 June	
		2024	2023
		\$'000	\$'000
Profit for the period from discontinued operation:			
Management fee from an associate		—	1,250
Share of profit of an associate	12(b)	<u>3,202</u>	<u>245,479</u>
Profit for the period from discontinued operation and attributable to ordinary equity shareholders of the Company		<u>3,202</u>	<u>246,729</u>
Cash flows from discontinued operation:			
Net cash inflows from operating activities		—	1,250
Net cash inflows from investing activities		—	230,500
Net cash inflows		<u>—</u>	<u>231,750</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Earnings per share

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

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

10 Property, plant and equipment

During the six months ended 30 June 2024 the Group acquired items of property, plant and equipment with a cost of \$3,538,000 (30 June 2023: \$7,671,000).

11 Other financial assets

	Note	30 June 2024 \$'000	31 December 2023 \$'000
Non-current			
Financial assets measured at FVOCI (non-recycling)			
– Equity securities listed in Hong Kong*	(i)	54,241	53,223
Financial assets measured at FVPL			
– Unlisted fund investments	(ii)	3,640,939	3,800,645
– An unlisted equity security	17	29,248	88,201
		3,670,187	3,888,846
		3,724,428	3,942,069
Current			
Financial assets measured at amortised cost			
– Unsecured, interest-bearing instruments		60,000	60,000
Less: loss allowance		(60,000)	(60,000)
		—	—
Financial assets measured at FVPL			
– Debt securities listed outside Hong Kong*		322	311
– Equity securities listed in Hong Kong*	(iii)	819,412	726,966
– Equity securities listed outside Hong Kong*	(iv)	262,964	256,866
		1,082,698	984,143
		1,082,698	984,143
Total		4,807,126	4,926,212

Fair value measured using unadjusted quoted price in active markets. Details of fair value measurement of financial assets are set out in note 17.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

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

12 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 May (2023: 31 July)
Ace Season Investments Limited ("ASIL")	Incorporated	British Virgin Islands	45%	45%	Securities investment	31 December

Note: The franchise granted to WHTCL expired on 1 August 2023 and the operation of tunnel was classified as discontinued operation as referred to note 8. The carrying amount of interest in associate of WHTCL is expected to be recovered within one year.

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)

12 Interest in associates (continued)

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

	Note	Six months ended 30 June	
		2024 \$'000	2023 \$'000
Gross amounts of WHTCL's			
Revenue			
Toll revenue		—	918,838
Other revenue	(i)	<u>15,497</u>	<u>29,521</u>
		15,497	948,359
Other income		1,734	10,562
Expenditure			
Operating and administrative expenses		(8,267)	(68,182)
Rates and government rent		—	(31,196)
Amortisation and depreciation	(ii)	<u>—</u>	<u>(260,438)</u>
Operating profit before finance charges		8,964	599,105
Interest on shareholders' loans		<u>—</u>	<u>—</u>
Profit before taxation		8,964	599,105
Income tax		(2,560)	(98,787)
Profit and total comprehensive income		<u>6,404</u>	<u>500,318</u>
Group's effective interest		50%	50%
Group's share of profit and total comprehensive income		3,202	250,159
Fair value adjustments		<u>—</u>	<u>(4,680)</u>
		<u>3,202</u>	<u>245,479</u>
Dividend declared by the associate		<u>—</u>	<u>240,500</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Interest in associates (continued)

- (b) Summarised financial information of the Group's 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
	2024	2023
<i>Note</i>	\$'000	\$'000
Gross amounts of WHTCL's		
Current assets	502,155	503,909
Non-current assets	—	—
Current liabilities	(65,362)	(73,520)
Non-current liabilities	—	—
Equity	436,793	430,389
Reconciled to the Group's interest in WHTCL		
Gross amount of net assets of the associate	436,793	430,389
Group's effective interest	50%	50%
Group's share of net assets of the associate	218,397	215,195
Amount due to the associate	(200,000)	(200,000)
Carrying amount in the consolidated financial statements	18,397	15,195

Notes:

- (i) Other revenue includes refund of government rent and rates.
- (ii) Amortisation of the cost of tunnel is calculated to write off the cost over the franchise period on a units-of-usage basis. Since the franchise operating right expired on 1 August 2023, no amortisation is charged for the six months ended 30 June 2024.
- (iii) Current liabilities include current tax liabilities of \$32.7 million (31 December 2023: \$30.1 million).
- (iv) The amount due to the associate is unsecured, interest-free and repayable on demand.
- (v) Pursuant to the gazette dated 9 August 2024, WHTCL appointed liquidators on 1 August 2024 and commenced its liquidation.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

13 Trade and other receivables and deposits and prepayments

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

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

Note:

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Bank deposits and cash

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Deposits with banks and other financial institutions	2,035,837	2,223,152
Cash at bank and in hand	<u>641,305</u>	<u>541,639</u>
Bank deposits and cash in the consolidated statement of financial position	2,677,142	2,764,791
Less: Deposits with original maturity over three months	<u>(261,659)</u>	<u>(266,263)</u>
Cash and cash equivalents in the condensed consolidated cash flow statement	<u>2,415,483</u>	<u>2,498,528</u>

15 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 2024 \$'000	At 31 December 2023 \$'000
Within 1 month	1,938	1,591
1 month to 3 months	317	289
Over 3 months but within 6 months	<u>5,342</u>	<u>5,399</u>
Trade payables	7,597	7,279
Other payables and accruals	<u>65,675</u>	<u>123,176</u>
	<u>73,272</u>	<u>130,455</u>

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

16 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	
	2024	2023
	\$'000	\$'000
First quarterly interim dividend declared during the interim period of \$0.06 per share (2023: \$0.06 per share)	22,361	22,361
Second quarterly interim dividend declared after the interim period of \$0.06 per share (2023: \$0.06 per share)	22,361	22,361
	<u>44,722</u>	<u>44,722</u>

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

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

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

(b) Share capital

Issued share capital

	2024		2023	
	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>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

17 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.

	Fair value at 30 June 2024 \$'000	Fair value measurements as at 30 June 2024 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	54,241	54,241	–	–
Financial assets measured at FVPL:				
– Unlisted fund investments	3,640,939	–	2,299	3,638,640
– An unlisted equity security	29,248	–	–	29,248
– Equity securities listed in Hong Kong	819,412	819,412	–	–
– Equity securities listed outside Hong Kong	262,964	262,964	–	–
– Debt security listed outside Hong Kong	322	322	–	–
	<u>4,807,126</u>	<u>1,136,939</u>	<u>2,299</u>	<u>3,667,888</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

17 Fair value measurement (continued)

Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2023 \$'000	Fair value measurements as at 31 December 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	53,223	53,223	–	–
Financial assets measured at FVPL:				
– Unlisted fund investments	3,800,645	–	2,204	3,798,441
– An unlisted equity security	88,201	–	–	88,201
– Equity securities listed in Hong Kong	726,966	726,966	–	–
– Equity securities listed outside Hong Kong	256,866	256,866	–	–
– Debt security listed outside Hong Kong	311	311	–	–
	<u>4,926,212</u>	<u>1,037,366</u>	<u>2,204</u>	<u>3,886,642</u>

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.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

17 Fair value measurement (continued)

Information about Level 3 fair value measurements

The fair value of an unlisted equity security is determined using the price/sales ratios of comparable listed companies under market approach.

Instruments	Valuation techniques	Significant unobservable inputs	Market multiples	Change in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss
As at 30 June 2024					
- An unlisted equity security	Market comparable companies	Enterprise Value-to-Sales	2.87	+/-5%	+/- HK\$4,437,000
As at 31 December 2023					
- An unlisted equity security	Market comparable companies	Enterprise Value-to-Sales	4.57	+/-5%	+/- HK\$7,272,000

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 provided 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.

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

	Note	2024 \$'000	2023 \$'000
<i>Financial assets measured at FVPL:</i>			
<i>- Unlisted fund investments:</i>			
At 1 January		3,798,441	3,122,826
Payment for capital contribution		149,779	235,528
Proceeds from distribution		(52,143)	(4,597)
Proceeds from disposal		(316,251)	—
Changes in fair value recognised in profit or loss during the period		58,814	54,197
At 30 June		3,638,640	3,407,954
<i>- An unlisted equity security</i>			
At 1 January		88,201	156,478
Changes in fair value recognised in profit or loss during the period		(58,953)	—
At 30 June	11	29,248	156,478

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

18 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 2024 \$'000	At 31 December 2023 \$'000
Private funds	<u>1,522,826</u>	<u>1,748,364</u>

19 Material related party transactions

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

- (a) The Group received management fee income from WHTCL of \$Nil (30 June 2023: \$1.25 million).
- (b) The Group received consultancy fees and management fee income from a joint venture of \$2.4 million (30 June 2023: \$2.4 million).

20 Non-adjusting event after the reporting period

On 22 August 2024, the Directors proposed a second interim dividend. Further details are set out in note 16(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 2024 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 2024 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 2024

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 2024. The interim results have been reviewed by the audit committee of the Company and KPMG.

Group Results

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

Dividends

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

Closure of Books

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

BUSINESS REVIEW AND PROSPECTS

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

Management Discussion and Analysis

Motoring School Operation

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

Electronic Toll Operation

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

Treasury Management Business

In the first half of 2024, the Group continued its efforts to diversify its investment portfolio by making capital contributions to various unlisted funds across different industries and regions. At the same time, the Group disposed of its interests in five unlisted funds and some US listed equity securities to realize the accumulated fair gain and strengthen the financial resources available for potential future investment opportunities. A portion of the proceeds from the disposal was reinvested in equity securities listed in Japan. As of 30 June 2024, the Group’s investment portfolio consists of a total of 91 (31 December 2023: 92) investments, which comprised mainly 52 (31 December 2023: 55) investments in unlisted funds and 38 (31 December 2023: 36) investments in equity securities. Overall, the value of the Group’s investment portfolio during the period decreased to HK\$4,807.1 million.

Commentary on Interim Results

(I) Review of 2024 Interim Results

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

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

Management Discussion and Analysis

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

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

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

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

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

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

Performance of other reportable segments for the first half of 2024

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

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

Management Discussion and Analysis

(II) Treasury Investments and Significant Investments Held

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

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

	1 January 2024 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 2024 HK\$ million
Financial assets measured at FVOCI						
—Listed equity securities	53.2	—	—	1.0	—	54.2
Financial assets measured at FVPL						
—Unlisted fund investments	3,800.7	149.7	(368.4)	—	58.9	3,640.9
—Listed equity securities	983.8	101.1	(119.3)	—	116.8	1,082.4
—Unlisted equity security	88.2	—	—	—	(58.9)	29.3
—Listed debt security	0.3	—	—	—	—	0.3
	<u>4,873.0</u>	<u>250.8</u>	<u>(487.7)</u>	<u>—</u>	<u>116.8</u>	<u>4,752.9</u>
	<u>4,926.2</u>	<u>250.8</u>	<u>(487.7)</u>	<u>1.0</u>	<u>116.8</u>	<u>4,807.1</u>

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

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

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

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

Management Discussion and Analysis

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

Diversified Absolute Return Fund

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

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

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

Equity securities held by the Group at 30 June 2024 comprised a total of 38 listed and unlisted equity securities with an aggregate fair value of HK\$1,165.9 million (accounting for 13.7% of the Group's total assets) covering various industry sectors including telecommunications, information technology, e-Commerce, software, biotechnology, materials, financial services, securities investment, asset management, port operation, property (development, investment and management), healthcare and related services, industrial and infrastructure. The listed equity securities are listed in various stock exchanges including Hong Kong, the United States, United Kingdom, Japan and Canada.

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

Management Discussion and Analysis

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

(III) Liquidity and Financial Resources

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

(IV) Comments on Segmental Information

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

(V) Employees

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

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 2024:

(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	272,838,585	272,838,585 ¹	73.21%
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\$149,560,000	US\$300,000,000

Notes:

- Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") was deemed to be interested in 272,838,585 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 2024, 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 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 2024. At the beginning and at the end of the period, the number of options available for grant under the Scheme was 37,268,820. 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.

Other Persons' Interests and Short Positions

As at 30 June 2024, the interests and long positions of other persons (not being directors or chief executives) in 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	272,838,585	73.21%
Rose Dynamics	Beneficial owner	272,838,585	73.21%

Note: Each parcel of 272,838,585 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 2024.

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 C1 to the Main Board Listing Rules (the “Listing Rules”) save for the deviation described below.

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

Model Code for Securities Transactions

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

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

Purchase, Sale or Redemption of Shares

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

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 2023 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. Yuen Wing Shing has retired as an executive director and ceased to be a member of the executive committee, an authorised representative under the Listing Rules and an authorised representative for accepting service of process and notices in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) of Y. T. Realty Group Limited ("Y. T. Realty"), which is listed on The Stock Exchange of Hong Kong Limited, with effect from the conclusion of the annual general meeting of Y. T. Realty held on 31 May 2024.

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 2024