



HONG KONG FERRY (HOLDINGS) COMPANY LIMITED
 香港小輪(集團)有限公司

(Stock Code 股份代號: 50)



INTERIM REPORT

中期報告

2024





Contents

目錄

- 1 Interim Results and Dividends**
中期業績及股息
- 1 Management Discussion and Analysis**
管理層討論及分析
 - 1 Business Review
業務回顧
 - 3 Prospects
展望
 - 4 Financial Review
財務回顧
- 5 Other Information**
其他資料
- 7 Disclosure of Interests**
披露權益資料
- 11 Interim Financial Report**
中期財務報告
 - 11 Consolidated Statement of Profit or Loss
綜合損益表
 - 12 Consolidated Statement of Profit or Loss and
Other Comprehensive Income
綜合損益及其他全面收益表
 - 13 Consolidated Statement of Financial Position
綜合財務狀況表
 - 15 Consolidated Statement of Changes in Equity
綜合權益變動表
 - 16 Condensed Consolidated Cash Flow Statement
簡明綜合現金流量表
 - 17 Notes to the Unaudited Interim Financial Report
未經審核中期財務報告附註
- 38 Review Report of the Independent Auditor**
獨立核數師審閱報告



Interim Results and Dividends

The unaudited consolidated net profit after taxation of the Group for the six months ended 30 June 2024 amounted to HK\$87.5 million, which was in line with that for the corresponding period in 2023. Earnings per share was HK\$0.25, which was the same as the figure over the corresponding period of last year. Excluding the fair value change of the investment properties, the Group's underlying profit attributable to shareholders for the period under review was HK\$85.5 million, representing an increase of 28% from the same period last year.

The Board of Directors (the "Board") has declared an interim dividend of HK10 cents per share (2023: interim dividend of HK10 cents per share) in respect of the year ending 31 December 2024. The interim dividend will be paid on Friday, 27 September 2024 to shareholders whose names appear on the register of members at the close of business on Thursday, 12 September 2024.

Management Discussion and Analysis

Business Review

During the period under review, the Group's operating profit was mainly derived from the rent of shops and commercial arcades as well as interest income from banks. The Group had no borrowings.

Property Development and Investment Operations

The gross rental income during the period under review arising from the shops and commercial arcades of the Group amounted to HK\$63 million, an increase of 6% as compared with the same period last year. At the end of the reporting period, the commercial arcades of Shining Heights, The Spectacle and Metro6 were fully let, and the occupancy rates of Green Code Plaza and Metro Harbour Plaza were 72% and 95% respectively. The increase in gross rental income and change of the occupancy rates were mainly attributed to the change in tenant mix.

The Royale (8 Castle Peak Road – Castle Peak Bay, Tuen Mun) Joint Venture Development Project

During the first half of 2024, two residential units were sold. The remaining residential units and car parking spaces will be offered for sale.



Management Discussion and Analysis (Continued)

Business Review (Continued)

The Symphonie (280 Tung Chau Street, Cheung Sha Wan) Redevelopment Project

The Group's redevelopment project "The Symphonie" in Cheung Sha Wan provides a residential gross floor area of about 100,698 square feet. The certificate of compliance was obtained in November last year. The interior fitting-out works are basically completed. Preparations for strata sale or rent will soon be in place. Due to the strong demand in the rental market in Hong Kong, rental yield rates have increased. Some units may be used for rental purposes to increase the Group's regular income.

Ferry, Shipyard and Related Operations

During the period under review, the Ferry, Shipyard and Related Operations recorded a deficit of HK\$3 million, a decrease of 23% as compared to the deficit in the same period last year. This was mainly due to the increase in fare for operating the "North Point – Kwun Tong" dangerous goods vehicular ferry service since 28 January 2024 approved by the Transport Department, as well as the sustained recovery of Hong Kong's tourism industry, which has helped to boost Harbour Cruise – Bauhinia business.

Healthcare, Medical Aesthetic and Beauty Services

The number of customers of the "AMOUR" medical aesthetic clinic located at Mira Place in Tsim Sha Tsui, with a floor area of about 12,000 square feet, has increased continuously since its opening. For the six months ended 30 June 2024, the turnover had increased by approximately 280% compared with the same period last year. As at 30 June 2024, HK\$12 million was recorded as payments received for prepaid packages, which in accordance with standard accounting practices had not been included in the income statement of the period under review.

The Group is gradually expanding its medical specialties businesses. In addition to collaborating with ICON, an international cancer care medical group, to set up a cancer centre at H Zentre in Tsim Sha Tsui, the Group has also established in the same building the "Total HealthCare Specialists Centre", which provides specialised services in cardiology, surgery, orthopedics, plastic surgery, rheumatology and urology. The performance has been steadily on the rise and net profits have continued to be recorded during the period under review.

During the period under review, the Group launched its pain treatment business and provided services at Mira Place in Tsim Sha Tsui and Metro Harbour Plaza in Tai Kok Tsui respectively. The Group introduced advanced medical equipment in conjunction with professional registered chiropractors and sports therapists, to design personalised treatment plans for pain-suffering patients, which services were well received.



Management Discussion and Analysis (Continued)

Prospects

Central banks around the world have adjusted their interest rates recently, with the European Central Bank and the Bank of England announcing 0.25 percentage cuts in June and August respectively. The Bank of Japan raised its interest policy rate to 0%–0.1% in March, ending the negative interest rate policy that had been in place since 2016, and then further raised the interest rate to 0.25% in July. The US Federal Reserve decided in their last meeting to maintain the federal fund target interest rate at 5.25%–5.5%. The US will hold presidential and congressional elections in November, which will not only affect its internal political situation, but also increase the global political and economic uncertainty. The outcome of the elections may change the US trade, foreign and economic policies, which in turn will affect global capital flows and overall investment environment.

Since the cancellation of all demand-side management measures for residential properties announced by the Hong Kong Government and the adjustments of macro measures announced by the Hong Kong Monetary Authority on 28 February this year, residential property market sentiment has improved for a short period with increased transaction volume. However, under the environment of relatively high interest rates, the property market has declined again in recent months. As for the domestic rental market, according to the Hong Kong Property Review by the Rating and Valuation Department, the territory-wide rental indices by class of private domestic in June 2024 increased by about 4% year-on-year, which ran contrary to the trend of property sale prices. The trend is expected to continue in the second half of the year.

With the commitment of the Hong Kong Government to promote mega event economy, it has launched many key projects, including the revamp of the light-and-sound show “A Symphony of Lights” and the regular organisation of pyrotechnic and drone shows, to attract tourists to Hong Kong and bring more leisure and entertainment choices to local residents. The Central Government announced in May this year that the Individual Visit Scheme for Hong Kong and Macau would be extended to eight more mainland cities, increasing the total number of cities eligible for the scheme to 59 and covering all provincial capital cities across China. The new policies can stimulate consumption, and boost various sectors such as tourism, hotel, dining and retail, contributing to the recovery of those industries. Furthermore, benefiting from various talent schemes by the Hong Kong Government, more than 130,000 talents have arrived in Hong Kong since the end of 2022, bringing additional demand for housing, medical, education and other aspects. Given sufficient time, the effectiveness of those advantageous measures will become apparent. Currently, due to the enthusiasm of the citizens to consume in the mainland, the local dining and retail businesses have declined. It will take some time for the trend to subside and the industries to adjust their strategies before there can be a turnaround.

It is expected that the rental income from shops and commercial arcades together with bank interest income will continue to be the major sources of revenue of the Group in the second half of the year.



Management Discussion and Analysis (Continued)

Financial Review

Review of Results

During the six months ended 30 June 2024, the Group's revenue amounted to HK\$211 million, representing an increase of 23% as compared with the same period last year. This was mainly attributable to the increase in income from the ferry, shipyard and related businesses as well as healthcare, medical aesthetic and beauty services.

The consolidated net profit after taxation of the Group for the six months ended 30 June 2024 was HK\$87.5 million, which was in line with the figure for the same period last year.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2024, shareholders' funds of the Group increased about 1% to HK\$7 billion as compared with the corresponding figure as at 31 December 2023. The increase was mainly due to the net effect of the profit realised from property leasing and deduction of the dividend payments.

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

As at 30 June 2024, current assets of the Group stood at HK\$3,847 million and current liabilities were HK\$227 million. Current ratio of the Group increased to 16.9 as at 30 June 2024. The increase was mainly attributed to the increase in trade and other receivables and the decrease in trade and other payables.

Gearing Ratio and Financial Management

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

Employees and Remuneration Policy

As at 30 June 2024, the Group employed about 300 staff. The remuneration packages to employees were commensurable to the market trend and levels of pay in similar industries. A discretionary year-end bonus was paid to employees based on individual performance. Other benefits to employees included medical insurance, retirement scheme, training programmes and educational subsidies.



Other Information

Closure of Register of Members

The Register of Members of the Company will be closed on Wednesday, 11 September 2024 and Thursday, 12 September 2024, during which period no requests for transfer of shares will be accepted.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 10 September 2024.

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

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

Arrangements to Purchase Shares, Warrants, Options or Debentures

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

Corporate Governance

The Company is committed to maintaining high standard of corporate governance. In the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2024.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code for dealing in securities of the Company by the directors of the Company. Having made specific enquiries, the Company confirmed that all directors of the Company have complied with the required standard as set out in the Model Code during the six months ended 30 June 2024.

The Company has also adopted written guidelines on no less exacting terms than the Model Code for relevant employees (including employees of the Company or directors or employees of its subsidiaries who, because of such office or employment, are likely to be in possession of unpublished inside information in relation to the Company or its securities) in respect of their dealings in the securities of the Company in compliance with the code provision of the Code.



Other Information (Continued)

Audit Committee

The Audit Committee met in August 2024 and reviewed the accounting principles and practices adopted by the Group and also discussed interim review, internal control and financial reporting matters with the management. The unaudited interim financial report for the six months ended 30 June 2024 has been reviewed with no disagreement by the Audit Committee.

The interim financial report for the six months ended 30 June 2024 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 Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included on page 38 of this report.

Remuneration Committee

The Remuneration Committee held its meeting in May 2024. The Remuneration Committee currently comprises three independent non-executive directors and two executive directors.

Forward-Looking Statements

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

Change in the Information of Director

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in the information of Director of the Company required to be disclosed since the date of the Annual Report 2023 and up to the date of this report is shown as follows:

Ms. Wong Yu Pok, Marina retired as an independent non-executive director of Kerry Properties Limited with effect from the conclusion of its annual general meeting held on 20 May 2024.

On behalf of the Board
Dr. Lam Ko Yin, Colin
Chairman

Hong Kong, 20 August 2024



Disclosure of Interests

Directors' Interests in Securities

As at 30 June 2024, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Shares and underlying shares (Long positions)

	THE COMPANY				Approximate percentage of the total number of issued shares
	Interest in shares				
	Personal Interests <i>Number of Shares</i>	Corporate Interests <i>Number of Shares</i>	Family Interests <i>Number of Shares</i>	Total Interests <i>Number of Shares</i>	

Name of Director

Dr. Lam Ko Yin, Colin	150,000	–	–	150,000	0.04%
Mr. Li Ning	–	–	119,017,090 <i>(Note 4)</i>	119,017,090	33.41%
Mr. Lee Gabriel	180,000	–	–	180,000	0.05%
Mr. Au Siu Kee, Alexander	–	–	–	–	0.00%
Mr. Lau Yum Chuen, Eddie	–	–	–	–	0.00%
Mr. Ho Hau Chong, Norman	3,313,950	–	–	3,313,950	0.93%
Ms. Wong Yu Pok, Marina	–	–	–	–	0.00%
Mr. Wu King Cheong	–	–	–	–	0.00%
Mr. Chan Wai Yan, Ronald	–	–	–	–	0.00%



Disclosure of Interests (Continued)

Directors' Interests in Securities (Continued)

Shares and underlying shares (Long positions) (Continued)

	20K COMPANY LIMITED	
	Family Interests <i>Number of Shares</i>	Approximate percentage of the total number of issued shares

Name of Director

Mr. Li Ning (Note 6)	5	50.00%
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	WINWIDE LIMITED	
	Family Interests <i>Number of Shares</i>	Approximate percentage of the total number of issued shares

Name of Director

Mr. Li Ning (Note 7)	70	70.00%
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Other than as stated above, no director or chief executive of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares (in respect of positions held pursuant to equity derivatives), underlying shares and debentures of the Company or any of its associated corporations as at 30 June 2024.



Disclosure of Interests (Continued)

Substantial Shareholders and Others

As at 30 June 2024, the interests in ordinary shares of the Company of every person as recorded in the register required to be kept under Section 336 of the SFO were as follows:

	Number of shares in which interested	Approximate percentage of the total number of issued shares
Substantial Shareholders		
Henderson Land Development Company Limited (<i>Note 1</i>)	119,017,090	33.41%
Pataca Enterprises Limited (<i>Note 1</i>)	119,017,090	33.41%
Wiselin Investment Limited (<i>Note 1</i>)	48,817,090	13.70%
Henderson Development Limited (<i>Note 2</i>)	119,017,090	33.41%
Hopkins (Cayman) Limited (<i>Note 3</i>)	119,017,090	33.41%
Rimmer (Cayman) Limited (<i>Note 3</i>)	119,017,090	33.41%
Riddick (Cayman) Limited (<i>Note 3</i>)	119,017,090	33.41%
Mr. Li Ning (<i>Note 4</i>)	119,017,090	33.41%
Dr. Lee Chau Kee (<i>Note 5</i>)	119,816,310	33.63%
Persons other than Substantial Shareholders		
Graf Investment Limited (<i>Note 1</i>)	23,400,000	6.57%
Mount Sherpa Limited (<i>Note 1</i>)	23,400,000	6.57%
Paillard Investment Limited (<i>Note 1</i>)	23,400,000	6.57%



Disclosure of Interests (Continued)

Notes:

1. These 119,017,090 shares included the 48,817,090 shares, 23,400,000 shares, 23,400,000 shares and 23,400,000 shares respectively beneficially owned by Wiselin Investment Limited, Graf Investment Limited, Mount Sherpa Limited and Paillard Investment Limited, all of which were subsidiaries of Pataca Enterprises Limited which in turn was a subsidiary of Henderson Land Development Company Limited (“HLD”).
2. These 119,017,090 shares are duplicated in the interests described in Note 1. Henderson Development Limited (“HD”) beneficially owned more than one-third of the total number of issued shares of HLD.
3. These 119,017,090 shares are duplicated in the interests described in Notes 1 and 2. Rimmer (Cayman) Limited and Riddick (Cayman) Limited as trustees of the respective discretionary trusts held units in a unit trust (the “Unit Trust”). Hopkins (Cayman) Limited as trustee of the Unit Trust beneficially owned all the issued ordinary shares, which carry the voting rights in the share capital of HD.
4. By virtue of the SFO, Mr. Li Ning was taken to be interested in these 119,017,090 shares as Mr. Li’s spouse was one of the discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust. These 119,017,090 shares are duplicated in the interests described in Notes 1, 2 and 3.
5. Dr. Lee Shau Kee beneficially owned all the issued share capital of Rimmer (Cayman) Limited, Riddick (Cayman) Limited and Hopkins (Cayman) Limited. By virtue of the SFO, Dr. Lee Shau Kee was taken to be interested in 119,017,090 shares which are duplicated in the interests described in Notes 1, 2 and 3. Together with his personal shareholding of 799,220 shares, Dr. Lee Shau Kee was taken to be interested in 119,816,310 shares (approximately 33.63% of the total number of issued shares of the Company) as at 30 June 2024.
6. These 5 shares representing 50% equity interest in 2OK Company Limited (an associated company in which the Company through a subsidiary owned the remaining 50% interest) were beneficially owned by an indirect subsidiary of HLD. By virtue of the SFO, Mr. Li Ning was taken to be interested in these 5 shares in 2OK Company Limited as Mr. Li’s spouse was one of the discretionary beneficiaries of the two discretionary trusts holding units in the Unit Trust.
7. These 70 shares representing 70% equity interest in Winwide Limited (an associated company in which the Company through a subsidiary owned the remaining 30% interest) were beneficially owned by a company in which HD had 60% indirect interest and HLD had the remaining 40% indirect interest. By virtue of the SFO, Mr. Li Ning was taken to be interested in these 70 shares in Winwide Limited as Mr. Li’s spouse was one of the discretionary beneficiaries of the two discretionary trusts holding units in the Unit Trust.

Save as disclosed, as at 30 June 2024, the Company had not been notified of any other relevant interests or short positions in the shares or underlying shares of the Company.



Interim Financial Report

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024 – unaudited

	Note	Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	3(a)	210,743	171,269
Direct costs		(130,787)	(106,181)
		79,956	65,088
Other revenue	3(a)	34,824	36,906
Other net income	4	6,318	3,773
Valuation gains on investment properties	3(d)	2,020	21,196
Selling and marketing expenses		(3,877)	(5,297)
Administrative expenses		(45,115)	(35,917)
Other operating expenses		(1,690)	(1,864)
Profit from operations	3(b)	72,436	83,885
Interest on lease liabilities		(218)	(149)
Share of profits less losses of associates		355	363
Share of profits less losses of joint ventures		23,044	17,032
Profit before taxation	5	95,617	101,131
Taxation	6	(8,137)	(13,140)
Profit for the period		87,480	87,991
Attributable to:			
Equity shareholders of the Company		89,596	90,027
Non-controlling interests		(2,116)	(2,036)
Profit for the period		87,480	87,991
Earnings per share (HK\$)	8		
– Basic and diluted		0.25	0.25

The notes on pages 17 to 37 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 7.

Interim Financial Report (Continued)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024 – unaudited

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Profit for the period	87,480	87,991
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Financial assets at fair value through other comprehensive income – net movement in securities revaluation reserve (non-recycling)	10,270	4,686
	10,270	4,686
Total comprehensive income for the period	97,750	92,677
Attributable to:		
Equity shareholders of the Company	99,866	94,713
Non-controlling interests	(2,116)	(2,036)
Total comprehensive income for the period	97,750	92,677

The notes on pages 17 to 37 form part of this interim financial report.



Interim Financial Report (Continued)

Consolidated Statement of Financial Position

At 30 June 2024

	Note	At 30 June 2024 (unaudited)		At 31 December 2023 (audited)	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Investment properties	9		2,490,790		2,488,690
Other property, plant and equipment	9		64,188		65,647
Interest in leasehold land			31,501		32,186
			2,586,479		2,586,523
Interest in associates	10		5,150		6,370
Interest in joint ventures	11		673,429		700,385
Other financial assets			120,853		107,189
Other receivables and prepayments	13(a)		87,181		90,970
Net employee retirement benefits assets			1,899		2,100
Deferred tax assets			3,490		3,513
			3,478,481		3,497,050
Current assets					
Inventories	12	1,803,028		1,802,140	
Trade and other receivables	13(b)	183,222		164,130	
Tax recoverable		328		517	
Cash and bank balances	14	1,860,554		1,825,434	
		3,847,132		3,792,221	

Interim Financial Report (Continued)

Consolidated Statement of Financial Position (Continued)

At 30 June 2024

	Note	At 30 June 2024 (unaudited)		At 31 December 2023 (audited)	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current liabilities					
Trade and other payables	15	(198,302)		(212,823)	
Long service payment liabilities		(1,295)		(1,152)	
Lease liabilities		(7,246)		(6,883)	
Tax payable		(20,534)		(19,868)	
		<u>(227,377)</u>		<u>(240,726)</u>	
Net current assets			3,619,755		3,551,495
Total assets less current liabilities			7,098,236		7,048,545
Non-current liabilities					
Lease liabilities		(3,574)		(2,879)	
Deferred tax liabilities		(85,713)	(89,287)	(81,026)	(83,905)
NET ASSETS			7,008,949		6,964,640
CAPITAL AND RESERVES					
Share capital	16		1,754,801		1,754,801
Reserves			5,262,201		5,215,776
Total equity attributable to equity shareholders of the Company			7,017,002		6,970,577
Non-controlling interests			(8,053)		(5,937)
TOTAL EQUITY			7,008,949		6,964,640

The notes on pages 17 to 37 form part of this interim financial report.



Interim Financial Report (Continued)

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 – unaudited

	Attributable to the equity shareholders of the Company							
	Note	Share capital HK\$'000	Securities revaluation reserve (non-recycling) HK\$'000	Other capital reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2023		1,754,801	(24,292)	605	5,487,143	7,218,257	—	7,218,257
Changes in equity for the six months ended 30 June 2023:								
Profit for the period		—	—	—	90,027	90,027	(2,036)	87,991
Other comprehensive income		—	4,686	—	—	4,686	—	4,686
Total comprehensive income		—	4,686	—	90,027	94,713	(2,036)	92,677
Dividends approved in respect of the previous year	7(b)	—	—	—	(409,715)	(409,715)	—	(409,715)
Shares issued to non-controlling interests (note)		—	—	7,410	—	7,410	(1,410)	6,000
Balance at 30 June 2023 and 1 July 2023		1,754,801	(19,606)	8,015	5,167,455	6,910,665	(3,446)	6,907,219
Changes in equity for the six months ended 31 December 2023:								
Profit for the period		—	—	—	100,366	100,366	(2,491)	97,875
Other comprehensive income		—	(1,926)	—	(2,901)	(4,827)	—	(4,827)
Total comprehensive income		—	(1,926)	—	97,465	95,539	(2,491)	93,048
Dividends declared in respect of the current year	7(a)	—	—	—	(35,627)	(35,627)	—	(35,627)
Balance at 31 December 2023 and 1 January 2024		1,754,801	(21,532)	8,015	5,229,293	6,970,577	(5,937)	6,964,640
Changes in equity for the six months ended 30 June 2024:								
Profit for the period		—	—	—	89,596	89,596	(2,116)	87,480
Other comprehensive income		—	10,270	—	—	10,270	—	10,270
Total comprehensive income		—	10,270	—	89,596	99,866	(2,116)	97,750
Dividends approved in respect of the previous year	7(b)	—	—	—	(53,441)	(53,441)	—	(53,441)
Balance at 30 June 2024		1,754,801	(11,262)	8,015	5,265,448	7,017,002	(8,053)	7,008,949

Note: During the period ended 30 June 2023, a subsidiary of the Company reached a Subscription and Shareholders Agreement with an external party under which the subsidiary agreed to issue to the external party, and the external party agreed to subscribe for ordinary shares at HK\$6,000,000 (the "Subscription"). The Subscription was completed on 19 January 2023.

The notes on pages 17 to 37 form part of this interim financial report.

Interim Financial Report (Continued)

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2024 – unaudited

	Note	Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Net cash (used in)/generated from operating activities		(8,246)	73,775
Investing activities			
Loan repaid by a joint venture	11	50,000	215,000
Interest received		50,682	53,260
(Increase)/decrease in bank deposits with maturity over three months at acquisition		(46,683)	141,769
Other cash flows arising from investing activities		2,904	1,260
Payment for the purchase of property, plant and equipment		(2,705)	(468)
Payment for addition to investment properties		(80)	(103,450)
Net cash generated from investing activities		54,118	307,371
Financing activities			
Capital element of lease rental paid		(3,776)	(4,236)
Interest element of lease rental paid		(218)	(149)
Proceed from shares issued to non-controlling interests		–	6,000
Dividends paid	7(b)	(53,441)	(409,715)
Net cash used in financing activities		(57,435)	(408,100)
Net decrease in cash and cash equivalents		(11,563)	(26,954)
Cash and cash equivalents at 1 January		101,056	150,914
Cash and cash equivalents at 30 June	14	89,493	123,960

The notes on pages 17 to 37 form part of this interim financial report.



Notes to the Unaudited Interim Financial Report

1. 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 (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 20 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 2.

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 Hong Kong Ferry (Holdings) Company Limited (the “Company”) and its subsidiaries (together referred to as 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 Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

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 38.



Notes to the Unaudited Interim Financial Report (Continued)

1. Basis of Preparation (Continued)

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 Hong Kong Companies Ordinance.

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

2. Changes in Accounting Policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments")
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendments")
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial Instruments: Disclosures: Supplier finance arrangements*

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.



Notes to the Unaudited Interim Financial Report (Continued)

3. Segment Reporting

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments.

- Property development: development and sale of properties.
- Property investment: rental income from leasing of properties.
- Ferry, shipyard and related operations: income from operation of dangerous goods vehicular ferry service and ship repairs and maintenance services and sales of goods on cruise vessels.
- Healthcare, medical aesthetic and beauty services: income from provision of healthcare, medical aesthetic and beauty services.
- Securities investment: dividend, interest and other income from listed securities investments.

Segment information is presented only in respect of the Group's business segments. No geographical analysis is shown as substantially all of the Group's revenue and profit from operations were derived from activities in Hong Kong.

Notes to the Unaudited Interim Financial Report (Continued)

3. Segment Reporting (Continued)

Segment results

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

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

The segment information for the six months ended 30 June 2024 and 2023 about these reportable segments is presented below:

(a) Segment revenue

	Total revenue		Elimination of		Revenue from	
	Six months		inter-segment revenue		external customers	
	ended 30 June		Six months		Six months	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property development	-	32	-	-	-	32
Property investment	87,045	83,773	-	-	87,045	83,773
Ferry, shipyard and related operations	89,543	69,801	620	642	88,923	69,159
Healthcare, medical aesthetic and beauty services	19,083	4,258	129	-	18,954	4,258
Securities investment	4,185	7,719	-	-	4,185	7,719
Others	91,401	77,313	44,941	34,079	46,460	43,234
	291,257	242,896	45,690	34,721	245,567	208,175
Analysed by:						
Revenue					210,743	171,269
Other revenue					34,824	36,906
					245,567	208,175

The principal activities of the Group are property development, property investment, ferry, shipyard and related operations, healthcare, medical aesthetic and beauty services and securities investment.



Notes to the Unaudited Interim Financial Report (Continued)

3. Segment Reporting (Continued)

Segment results (Continued)

(a) Segment revenue (Continued)

Disaggregation in revenue

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines		
– Revenue from ferry operations	51,031	36,113
– Revenue from shipyard operations	32,248	27,792
– Revenue from healthcare, medical aesthetic and beauty services	17,475	4,254
	100,754	68,159
Revenue from other sources		
– Property investment	63,224	59,668
– Securities investment	1,329	1,229
– Others	45,436	42,213
	109,989	103,110
	210,743	171,269

Apart from revenue from shipyard operations which is recognised over time, the Group's other revenue streams within the scope of HKFRS 15 are recognised at a point in time.

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

Notes to the Unaudited Interim Financial Report (Continued)

3. Segment Reporting (Continued)

Segment results (Continued)

(a) Segment revenue (Continued)

Disaggregation in revenue (Continued)

At 30 June 2024, the aggregate amount of revenue expected to be recognised in profit or loss in the future from construction and repairing contracts entered into in relation to the Group's shipyard operations amounted to HK\$12,289,000 (31 December 2023: HK\$12,764,000), which will be recognised over time until the work is completed, which is expected to occur over the next 12 months.

As of 30 June 2024, the total amount of revenue expected to be recognised in profit or loss in the future from healthcare, medical aesthetic, and beauty services is HK\$13,657,000 (31 December 2023: HK\$8,918,000). This revenue will be recognised when the service obligation is fulfilled for the customers or upon the expiry of the contract, which is expected to occur within the next 12 months.

(b) Segment result

	Reportable segment profit/(loss)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Property development	(2,966)	1,833
Property investment (note 3(d))	45,416	61,175
Ferry, shipyard and related operations	(2,975)	(3,865)
Healthcare, medical aesthetic and beauty services	(17,087)	(17,537)
Securities investment	4,500	(3,374)
	26,888	38,232
Others (note 3(e))	45,548	45,653
	72,436	83,885



Notes to the Unaudited Interim Financial Report (Continued)

3. Segment Reporting (Continued)

Segment results (Continued)

(c) Reconciliation of reportable segment profit

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Reportable segment profit derived from external customers	26,888	38,232
Other profit derived from external customers	45,548	45,653
Interest on lease liabilities	(218)	(149)
Share of profits of associates and joint ventures (net)	23,399	17,395
Profit before taxation in the consolidated statement of profit or loss	95,617	101,131

(d) The segment result of the “Property investment” included valuation gains on investment properties of HK\$2,020,000 (2023: HK\$21,196,000).

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

4. Other Net Income

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Change in fair value of other financial assets designated at fair value through profit or loss	3,394	(4,408)
Sundry income	2,632	1,962
Income from sale of spare parts	296	481
Net exchange (losses)/gains	(4)	5
Construction cost adjustment (<i>note</i>)	–	5,239
Gain on lease modifications	–	494
	6,318	3,773

Note: During the six months ended 30 June 2023, construction cost adjustment represented the revision of the original construction costs of the properties completed in prior years, confirmed by the surveyors.

Notes to the Unaudited Interim Financial Report (Continued)

5. Profit Before Taxation

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Amortisation of leasehold land premium	685	685
Cost of inventories	10,287	9,383
Depreciation		
– owned property, plant and equipment	5,463	5,174
– right-of-use assets	3,474	4,456
Dividend income from listed investments	(1,329)	(1,229)
Interest income	(48,418)	(48,774)

6. Taxation

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	3,427	5,479
Deferred tax		
Origination and reversal of temporary differences	4,710	7,661
	8,137	13,140

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) to the estimated assessable profits for the six months ended 30 June 2024, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

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



Notes to the Unaudited Interim Financial Report (Continued)

7. Dividends

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interim dividend declared and paid after the interim period of HK10 cents (2023: HK10 cents) per ordinary share	35,627	35,627

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

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK15 cents (six months ended 30 June 2023: HK15 cents) per ordinary share	53,441	53,441
Special dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$Nil (six months ended 30 June 2023: HK\$1.00) per ordinary share	–	356,274
	53,441	409,715



Notes to the Unaudited Interim Financial Report (Continued)

8. Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$89,596,000 (six months ended 30 June 2023: HK\$90,027,000) and 356,273,883 (2023: 356,273,883) ordinary shares in issue during the interim period.

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2024 and 2023, therefore diluted earnings per share are the same as basic earnings per share for both periods.

9. Investment Properties and Other Property, Plant and Equipment

(a) Valuation

All of the Group's investment properties were revalued as at 30 June 2024. The valuations were carried out by a firm of surveyors, Cushman & Wakefield Limited, using the same valuation techniques as were used by this valuer when carrying out the valuations at 31 December 2023.

Based on the valuations, a net gain of HK\$2,020,000 (2023: HK\$21,196,000) has been recognised in profit or loss during the period.

(b) Right-of-use assets

During the six months ended 30 June 2024, the Group recognised the additions to right-of-use assets of HK\$4,773,000 (31 December 2023: HK\$732,000).



Notes to the Unaudited Interim Financial Report (Continued)

10. Interest in Associates

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Share of net assets	445	845
Amounts due from associates	11,858	12,654
Share of net liabilities	(359)	(335)
	11,499	12,319
Less: impairment loss	(6,794)	(6,794)
	5,150	6,370

All of the associates are incorporated and operate in Hong Kong.

11. Interest in Joint Ventures

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Share of net assets	521,066	498,008
Share of net liabilities	(137)	(123)
Advances to a joint venture	152,500	202,500
	673,429	700,385

The advances to a joint venture is unsecured, interest-bearing at Hong Kong dollar prime rate minus 3% per annum and has no fixed terms of repayment. An amount of HK\$50,000,000 (31 December 2023: HK\$277,500,000) was recovered from a joint venture during the six months ended 30 June 2024.

Notes to the Unaudited Interim Financial Report (Continued)

12. Inventories

Inventories in the consolidated statement of financial position comprise:

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Property development		
Properties under development for sale	6,933	6,933
Completed properties held for sale	1,788,719	1,788,719
	1,795,652	1,795,652
Other operations	7,376	6,488
	1,803,028	1,802,140

13. Trade and Other Receivables

(a) Non-current

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Instalment receivables	84,700	88,489
Other receivables and prepayments	2,481	2,481
	87,181	90,970

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



Notes to the Unaudited Interim Financial Report (Continued)

13. Trade and Other Receivables (Continued)

(b) Current

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Trade receivables	68,654	57,840
Instalment receivables	2,447	2,480
Less: loss allowance	(2,651)	(2,651)
	68,450	57,669
Other receivables and prepayments	82,861	77,426
Amounts due from joint ventures	31,911	29,035
	183,222	164,130

All of the trade and other receivables are expected to be recovered or recognised as expense within one year. Included in the trade and other receivables are amounts due from related companies of HK\$66,947,000 (31 December 2023: HK\$55,874,000) which are unsecured, interest-free and recoverable on demand. Related companies are companies under control of a company which has significant influence on the Group.

The amounts due from joint ventures are unsecured, interest-free and recoverable on demand.

Notes to the Unaudited Interim Financial Report (Continued)

13. Trade and Other Receivables (Continued)

(b) Current (Continued)

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

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Current	39,976	30,397
1 to 3 months overdue	26,278	26,082
More than 3 months but less than 12 months overdue	1,957	1,173
More than 12 months overdue	239	17
	68,450	57,669

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

14. Cash and Bank Balances

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Deposits with banks and other financial institutions	1,778,361	1,724,378
Cash at bank and in hand	82,193	101,056
Cash and bank balances in the consolidated statement of financial position	1,860,554	1,825,434
Less: Bank deposits with maturity over three months at acquisition	(1,771,061)	(1,724,378)
Cash and cash equivalents in the condensed consolidated cash flow statement	89,493	101,056



Notes to the Unaudited Interim Financial Report (Continued)

15. Trade and Other Payables

All of the trade and other payables except for an amount of HK\$20,643,000 (31 December 2023: HK\$18,995,000) are expected to be settled within one year. Included in the trade and other payables are amounts due to related companies of HK\$23,600,000 (31 December 2023: HK\$19,938,000) which are unsecured, interest-free and repayable within 30-45 days or repayable on demand. Related companies are companies under control of a company/person which has significant influence on the Group.

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

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Due within 1 month or on demand	111,503	131,004
Due after 1 month but within 3 months	1,002	1,265
Due after 3 months but within 12 months	–	–
More than 12 months	16	2
	112,521	132,271

16. Share Capital

	At 30 June 2024		At 31 December 2023	
	Number of shares (‘000)	HK\$'000	Number of shares (‘000)	HK\$'000
Ordinary shares, issued and fully paid:				
At the beginning and end of period/year	356,274	1,754,801	356,274	1,754,801



Notes to the Unaudited Interim Financial Report (Continued)

17. Fair Value Measurement of Financial Instruments

(a) Financial assets measured at fair value

Fair value hierarchy

The fair value of the Group's financial assets 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 fair value measurements of the Group's financial assets as at 30 June 2024 and 31 December 2023 are categorised into Level 1. During the six months ended 30 June 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 30 June 2024 and 31 December 2023.

18. Contingent Liabilities

Financial guarantees issued

At 30 June 2024, the Company has issued the guarantees to certain suppliers in respect of granting or giving credit facilities to its wholly-owned subsidiaries.

Under the guarantees, the Company is liable to the amount due from the subsidiaries to these respective parties in the event of any default and its liability shall at no time exceed the sum stated on the letters of guarantee.

At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued above is the outstanding amount due to the relevant parties by its wholly-owned subsidiaries, being HK\$50,000 (31 December 2023: HK\$75,000).

The Company has not recognised any deferred income in respect of the guarantees issued as its fair value cannot be reliably measured using observable market data and its transaction price was HK\$Nil (2023: HK\$Nil).



Notes to the Unaudited Interim Financial Report (Continued)

19. Material Related Party and Connected Transactions

(a) Material related party and connected transactions

- (i) In 1999, the Group entered into a development agreement (the “Agreement”) with Henderson Land Development Company Limited (“HLD”) and two wholly-owned subsidiaries of HLD (“HLD Sub 1” and “HLD Sub 2”), whereby HLD Sub 1 and HLD Sub 2 acquired the right to 50% of any proceeds from the future sale of the residential portion of the redevelopment of Metro Harbour View, Kowloon Inland Lot No. 11127 (the “MHV Property”) for a consideration of HK\$1,500,000,000.

As part of the Agreement, HLD Sub 1 and HLD Sub 2 agreed to reimburse the Group 50% of its development expenditures relating to the residential portion of the MHV Property. At 30 June 2024, an amount of HK\$2,944,000 (31 December 2023: HK\$302,000) remained unpaid and was included in trade and other receivables.

In February 2017, the Group entered into a deed of novation (the “Deed of Novation”) with HLD, HLD Sub 1 and HLD Sub 2 pursuant to which HLD Sub 1 transferred and assigned unto HLD Sub 2, and HLD Sub 2 took and assumed all of the rights and obligations of HLD Sub 1 under the Agreement subject to the terms and conditions as stated in the Deed of Novation. The Deed of Novation was supplemental to the Agreement.

- (ii) In December 2001, a wholly-owned subsidiary of the Company acquired 50% equity interest in 2OK Company Limited (“2OK”) which was set up to provide mortgage loans to the residential unit buyers of the MHV Property. HLD through its subsidiary beneficially owned the remaining 50% equity interest in 2OK at 30 June 2024. During the period, the Group received management and administrative fees in the total of HK\$Nil (2023: HK\$13,000) from 2OK. The Group and the subsidiary of HLD have made advances to 2OK to finance the latter’s mortgage operation and interest was charged on amounts advanced. During the period, the Group received interest amounting to HK\$Nil (2023: HK\$20,000) from 2OK. At 30 June 2024, the amount advanced by the Group totalling HK\$40,000 (31 December 2023: HK\$1,114,000) is in proportion to the Group’s equity interest in 2OK and is unsecured and has no fixed repayment terms.
- (iii) In December 2002, the Group appointed a wholly-owned subsidiary of HLD (“HLD Sub A”) as the leasing and promotion agent of the commercial arcade of the MHV Property, Metro Harbour Plaza (“MHP”), for an initial term of two years at the remuneration of 5% of the monthly rental income from MHP and such agreement shall thereafter be renewable on the same terms from year to year until terminated by either party by giving three months’ prior notice in writing. An amount of HK\$1,488,000 (2023: HK\$1,419,000) was charged to the Group during the period. At 30 June 2024, an amount of HK\$1,459,000 (31 December 2023: HK\$1,421,000) remained unpaid and was included in trade and other payables.



Notes to the Unaudited Interim Financial Report (Continued)

19. Material Related Party and Connected Transactions (Continued)

(a) Material related party and connected transactions (Continued)

- (iv) In March 2011, the Group entered into a Fanling Prime Cost Contract and appointed a wholly-owned subsidiary of HLD (“HLD Sub C”) as the main contractor for a fee of 5% on all works relating to the development of Green Code at No. 1 Ma Sik Road, Fanling, New Territories, Hong Kong (formerly known as Fanling Sheung Shui Town Lot No. 177) (the “Fanling Property”). The aggregate of the cost of works carried out by the main contractor or any connected persons (as defined in the Listing Rules) of the Company together with the 5% fee were subject to the total ceilings of the respective years.

In October 2014, the Group entered into a Fanling Prime Cost Contract Extension Letter with HLD Sub C to extend the period of payment of fees for the respective ceilings of HK\$6,800,000 and HK\$19,000,000 for the period from 1 June 2014 to 31 December 2014 and for the year ended 31 December 2015 respectively. During the period ended 30 June 2023, as a result of change in the latest cost estimates, an amount of HK\$6,417,000 and HK\$321,000, represented a corresponding adjustment in fees, were credited to the Group in relation to the superstructure work of the development of the Fanling Property and the 5% fee on all works relating to the development of the Fanling Property. At 31 December 2023, the balance had been repaid.

Under the term of Fanling Prime Cost Contract Extension Letter, the contract expired in December 2015.

- (v) In October 2015, the Group entered into a letter agreement with a wholly-owned subsidiary of HLD (“HLD Sub B”) and appointed HLD Sub B as the agent of the Group to lease certain shops and spaces of Mira Place One (formerly known as Miramar Shopping Centre) (“Premises 1”) for the marketing services of 208 Tung Chau Street, Sham Shui Po, Kowloon, Hong Kong (the “TCS Property”) for the period from 5 November 2015 to the earlier of 4 January 2017 and the date on which the last residential unit in the TCS Property is sold, subject to the respective ceilings of HK\$2,000,000 for the period from 5 November 2015 to 31 December 2015 and HK\$3,600,000 for the period from 1 January 2016 to 4 January 2017. The letter agreement expired in January 2017.

In January 2017, the Group entered into a second letter agreement with HLD Sub B and HLD Sub B continued to act as the agent of the Group to lease the Premises 1 for use as show flats and sales office for the sale of the residential units of the TCS Property for the period from 5 January 2017 to the earlier of 4 May 2017 and the date on which the last residential unit in the TCS Property is sold, subject to the ceiling of HK\$1,700,000. The second letter agreement expired in May 2017.

No fee has been charged to the Group during the six months ended 30 June 2024 and 2023. At 30 June 2024, an amount of HK\$997,000 (31 December 2023: HK\$997,000) remained unpaid and was included in trade and other payables.



Notes to the Unaudited Interim Financial Report (Continued)

19. Material Related Party and Connected Transactions (Continued)

(a) Material related party and connected transactions (Continued)

- (vi) In June 2022, a wholly-owned subsidiary of Miramar Hotel and Investment Company, Limited (“Miramar”) and an associate (as defined in the Listing Rules) of HLD, a substantial shareholder of the Company, as landlord and a subsidiary of the Company as tenant entered into a tenancy agreement (the “Tenancy Agreement”) in respect of the leasing of Units Nos. 901-04 & 18 on 9th Floor of Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong for a term of three years from 10 June 2022 to 9 June 2025 (the “Term”) at a monthly rental (exclusive of management fee, air-conditioning charges and government rates) of HK\$473,000 for Year 1 of the Term, HK\$522,000 for Year 2 of the Term and HK\$558,000 for Year 3 of the Term, together with other ancillary charges.

In accordance with the applicable HKFRS, the Group recognised the rent payable under the Tenancy Agreement (being fixed payments) as an acquisition of right-of-use asset of capital in nature taking into account the carrying amount of such right-of-use asset, i.e. approximately HK\$16,730,000 recognised by the Group during the period, having been measured on the basis of the discounted present value of the fixed rent payable by the Group under the Tenancy Agreement. As the wholly-owned subsidiary of Miramar is an associate of HLD and thus a connected person of the Company, such acquisition of right-of-use asset constituted a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. The management fees and air-conditioning charges payable by the Group to the wholly-owned subsidiary of Miramar (being variable payments) are being recognised as expenses in the Group’s profit and loss accounts in the periods in which they are incurred, and the payment of such expenses is regarded as continuing connected transactions of the Company under Chapter 14A.31 of the Listing Rules.

The annual caps of the aggregate management fees and air-conditioning charges (exclusive of government rates) payable under the Tenancy Agreement are subject to the annual ceilings of HK\$1,000,000 for the period from 10 June 2022 to 31 December 2022, HK\$1,500,000 for the period from 1 January 2023 to 31 December 2023, HK\$1,600,000 for the period from 1 January 2024 to 31 December 2024, and HK\$800,000 for the period from 1 January 2025 to 9 June 2025.

During the period ended 30 June 2024, an amount of HK\$683,000 (2023: HK\$660,000), being the aggregate of management fees and air-conditioning charges under the Tenancy Agreement, was charged to the Group.



Notes to the Unaudited Interim Financial Report (Continued)

19. Material Related Party and Connected Transactions (Continued)

(a) Material related party and connected transactions (Continued)

- (vii) In June 2022, the Group appointed HLD Sub B, an indirect wholly-owned subsidiary of HLD as the sales manager to provide project sales and marketing services in respect of the comprehensively planned development of a site at The Remaining Portion of New Kowloon Inland Lot No. 6559 held by Urban Renewal Authority as the owner and the Group as the developer (the “Proposed Development”) for a term of three years commencing from the date of the first initial sale of any residential units of the Proposed Development at a sales fee equivalent to 0.5% of the gross proceeds of sale of such units (but excluding those sale and purchase agreements which were effected by third party sales agent(s)) subject to the annual ceilings of HK\$8,000,000 for the year ended 31 December 2022, HK\$3,000,000 for the year ended 31 December 2023, HK\$2,000,000 for the year ending 31 December 2024 and HK\$1,000,000 for the period from 1 January 2025 to 31 May 2025 (but only up to and including the date being 3 years from the commencement date of the term).

No fee was charged to the Group during the period.

- (viii) In June 2022, the Group entered into a letter agreement with HLD Sub B (the “Letter Agreement”) pursuant to which HLD Sub B would provide portions of Shops 501-506, 5th Floor, Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the “Premises”) rented under the agreement entered into between a wholly-owned subsidiary of Miramar as landlord and HLD Sub B as tenant in respect of the tenancy of Shops 501-506, 5th Floor, Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (of which the Premises form part) dated 31 July 2020, as disclosed in the announcement of Miramar dated 31 July 2020 (the “Miramar/HPAL Agreement”), for use as show flats and sales office for the sale of the residential units of the Proposed Development for the period from 10 June 2022 to the earlier of 4 August 2023 and the date on which the last residential unit in the Proposed Development to be sold is sold, at a monthly rent of HK\$170,000 together with other ancillary charges, representing the relevant management fees, air-conditioning charges and the promotion contribution, the aggregate of such charges would be subject to the respective ceilings of HK\$330,000 for the period from 10 June 2022 to 31 December 2022 and HK\$330,000 for the period from 1 January 2023 to 4 August 2023. The Letter Agreement expired on 4 August 2023.



Notes to the Unaudited Interim Financial Report (Continued)

19. Material Related Party and Connected Transactions (Continued)

(a) Material related party and connected transactions (Continued)

(viii) (Continued)

In accordance with the applicable HKFRS, the Group recognised the rent payable under the Letter Agreement (being fixed payments) as an acquisition of right-of-use asset of capital in nature taking into account the carrying amount of such right-of-use asset, i.e. approximately HK\$2,350,000 recognised by the Group during the period, having been measured on the basis of the discounted present value of the fixed rent payable by the Group under the Letter Agreement. Such acquisition of right-of-use asset constituted a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. The management fees, air-conditioning charges and the promotion contribution payable by the Group under the Letter Agreement (being variable payments) are being recognised as expenses in the Group's profit and loss accounts in the periods in which they are incurred, and the payment of such expenses is regarded as continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

During the period from 10 June 2022 to 4 August 2023, the Group did not use the Premises as show flats and sales office for the sale of the residential units of the Proposed Development. During the year ended 31 December 2023, the carrying amount of the right-of-use asset of approximately HK\$168,000 was reversed and the Group was not required to pay any management fees, air-conditioning charges and the promotion contribution to HLD Sub B.

(ix) At 30 June 2024, HLD, a substantial shareholder (as defined in the Listing Rules) of the Company is interested in approximately 33.41% (31 December 2023: 33.41%) of the total number of issued shares of the Company.

To the extent the above transactions constituted connected transactions (as defined in the Listing Rules), the Group had complied with the relevant requirements under Chapter 14A of the Listing Rules.

(b) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of notes 19(a)(iv), (v), (vi), (vii) and (viii), above constitute connected transactions and/or continuing connected transactions (as defined in Chapter 14A of the Listing Rules).

20. Non-Adjusting Events After the Reporting Period

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



Review Report



REVIEW REPORT TO THE BOARD OF DIRECTORS OF HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 11 to 37 which comprises the consolidated statement of financial position of Hong Kong Ferry (Holdings) Company Limited (the “Company”) as of 30 June 2024 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated 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

20 August 2024

