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HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

香港小輪(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 50)

2017 INTERIM RESULTS ANNOUNCEMENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017 – unaudited

	Note	Six months ended 30 June	
		2017 HK\$'000	2016 (restated) HK\$'000
Continuing operations			
Revenue	3(a)	239,516	255,191
Direct costs		(107,477)	(117,749)
		132,039	137,442
Other revenue	3(a)	30,764	20,971
Other net income	4	25,991	33,659
Valuation gains on investment properties	3(d)	29,674	46,306
Impairment loss on available-for-sale securities		–	(46,281)
Selling and marketing expenses		(8,251)	(17,578)
Administrative expenses		(21,972)	(20,770)
Other operating expenses		(1,411)	(1,782)
Profit from operations	3(b)	186,834	151,967
Share of profits less losses of associates		391	290
Share of loss of a joint venture		(85)	–
Profit before taxation	6	187,140	152,257
Taxation	7	(20,219)	(23,399)
Profit for the period from continuing operations		166,921	128,858
Discontinued operation			
Loss for the period from discontinued operation	5	–	(5,163)
Profit attributable to equity shareholders of the Company		166,921	123,695
Earnings/(loss) per share – Basic and diluted	10		
– Continuing operations		\$0.47	\$0.36
– Discontinued operation		–	(0.01)
		\$0.47	\$0.35

Details of dividends payable to equity shareholders of the Company are set out in note 8.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017 – unaudited

		Six months ended 30 June	
		2017	2016
	Note	HK\$'000	HK\$'000
Profit attributable to equity shareholders of the Company		166,921	123,695
Other comprehensive income for the period (after tax and reclassification adjustments):	9		
Item that may be reclassified subsequently to profit or loss:			
Available-for-sale securities:			
net movement in securities revaluation reserve		<u>31,755</u>	<u>(18,022)</u>
Total comprehensive income attributable to equity shareholders of the Company		<u>198,676</u>	<u>105,673</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Note	At 30 June 2017 (unaudited)		At 31 December 2016 (audited)	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Investment properties			2,080,305		2,050,655
Other property, plant and equipment			56,596		58,957
Interest in leasehold land			41,084		41,769
			<u>2,177,985</u>		<u>2,151,381</u>
Interest in associates			9,546		10,449
Interest in a joint venture			1,354,310		1,354,395
Available-for-sale securities			429,722		661,542
Deferred tax assets			5,454		5,248
			<u>3,977,017</u>		<u>4,183,015</u>
Current assets					
Inventories			517,278		487,162
Trade and other receivables	11		593,294		853,769
Other financial assets			–		20,000
Cash and bank balances			1,592,166		949,449
Tax recoverable			28,111		22,174
			<u>2,730,849</u>		<u>2,332,554</u>
Current liabilities					
Trade and other payables	12		708,889		629,706
Tax payable			45,312		41,288
			<u>754,201</u>		<u>670,994</u>
Net current assets			<u>1,976,648</u>		<u>1,661,560</u>
Total assets less current liabilities			<u>5,953,665</u>		<u>5,844,575</u>
Non-current liabilities					
Net employee retirement benefits liabilities			5,144		4,468
Deferred tax liabilities			52,431		50,062
			<u>57,575</u>		<u>54,530</u>
NET ASSETS			<u>5,896,090</u>		<u>5,790,045</u>
CAPITAL AND RESERVES					
Share capital			1,754,801		1,754,801
Reserves			4,141,289		4,035,244
TOTAL EQUITY			<u>5,896,090</u>		<u>5,790,045</u>

NOTES:

1. BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the Group's interim financial report for the six months ended 30 June 2017 but are extracted from that report.

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

The financial information relating to the financial year ended 31 December 2016 that is included in this preliminary announcement of the interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*
- Amendments to HKAS 12, *Income taxes: Recognition of deferred tax assets for unrealised losses*

These developments have had no material impact on the Group's interim financial report.

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

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.

Continuing operations:

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

Discontinued operation:

- Travel operation: income from management and operation of travel agency services.

The travel operation has been disposed of and classified as discontinued operation and the related information has been set out in note 5.

Segment information is presented only in respect of the Group's business segments. No geographical analysis is shown as less than 10% of the Group's revenue and profit from operations were derived from activities outside Hong Kong.

Segment results

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

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

3. SEGMENT REPORTING (Continued)

Segment results (Continued)

The segment information for the six months ended 30 June 2017 and 2016 about these reportable segments is presented below:

(a) Segment revenue

	Total revenue Six months ended 30 June		Elimination of inter-segment revenue Six months ended 30 June		Revenue from external customers Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Continuing operations:						
Property development	112,412	123,387	–	–	112,412	123,387
Property investment	65,501	58,848	–	–	65,501	58,848
Ferry, shipyard and related operations	74,798	78,977	592	1,487	74,206	77,490
Securities investment	10,277	7,864	–	–	10,277	7,864
Others	36,892	38,749	29,008	30,176	7,884	8,573
	299,880	307,825	29,600	31,663	270,280	276,162
Discontinued operation:						
Travel operation	–	39,628	–	117	–	39,511
	299,880	347,453	29,600	31,780	270,280	315,673
Analysed by:						
Continuing operations						
Revenue					239,516	255,191
Other revenue					30,764	20,971
					270,280	276,162
Discontinued operation						
Revenue					–	38,855
Other revenue					–	656
					–	39,511
					270,280	315,673

The principal activities of the Group are property development, property investment, ferry, shipyard and related businesses and securities investment after the Group's travel operation had been disposed of in the second half of the year 2016.

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

3. SEGMENT REPORTING (Continued)

Segment results (Continued)

(b) Segment result

	Reportable segment profit	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
<u>Continuing operations:</u>		
Property development	74,741	106,678
Property investment (note 3(d))	64,402	78,828
Ferry, shipyard and related operations	7,852	4,386
Securities investment	34,452	(43,914)
Others (note 3(e))	5,387	5,989
	<u>186,834</u>	<u>151,967</u>
<u>Discontinued operation:</u>		
Travel operation	–	(5,060)
	<u>186,834</u>	<u>146,907</u>

(c) Reconciliation of reportable segment profit – Continuing operations

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
<u>Continuing operations:</u>		
Reportable segment profit derived from external customers of continuing operations	186,834	151,967
Share of profits less losses of associates and a joint venture	306	290
	<u>187,140</u>	<u>152,257</u>

(d) The segment result of the “Property investment” included valuation gains on investment properties of HK\$29,674,000 (2016: HK\$46,306,000).

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

4. OTHER NET INCOME

	Six months ended 30 June	
	2017	2016 (restated)
	HK\$'000	HK\$'000
Costs adjustment (<i>note</i>)	106	34,151
Net profit on disposal of available-for-sale securities	21,995	5,291
Net profit/(loss) on disposal of financial assets designated at fair value through profit or loss	2,930	(10,040)
Net profit on disposal of investment properties	–	2,508
Income from sale of spare parts	560	215
Net exchange losses	(35)	(10)
Sundry income	435	1,544
	<u>25,991</u>	<u>33,659</u>

Note: Costs adjustment represents the revision of the original construction costs of the properties completed in prior years, confirmed by the surveyors during the six months ended 30 June 2017 and 2016.

5. DISCONTINUED OPERATION

On 14 July 2016, the Group entered into a sale and purchase agreement with Miramar Travel Limited, a subsidiary of Miramar Hotel and Investment Company, Limited, to dispose of the Group's entire interest of HYFCO Travel Agency Limited and its subsidiary ("HYFCO Travel Group") at an aggregate consideration based on an agreed value of HK\$5,000,000.

Upon completion of the disposal of HYFCO Travel Group, the Group's travel operation ceased. Accordingly, the operation of HYFCO Travel Group was classified as discontinued operation.

The disposal of HYFCO Travel Group was completed on 6 October 2016 and the Group's travel operation ceased thereafter.

5. **DISCONTINUED OPERATION** (Continued)

The results of the discontinued operation for the prior period is as follows:

	Travel operation Six months ended 30 June 2016 <i>HK\$'000</i>
Revenue	38,855
Direct costs	<u>(33,356)</u>
	5,499
Other revenue	656
Other net income	65
Administrative expenses	(4,135)
Other operating expenses	<u>(7,145)</u>
	(5,060)
Loss before taxation	(5,060)
Income tax	<u>(103)</u>
	(5,163)
Loss for the period	<u><u>(5,163)</u></u>

6. **PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging/(crediting) the amounts as set out below. The disclosures presented in this note include those amounts charged/(credited) in respect of the discontinued operation.

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of leasehold land premium	685	685
Cost of inventories	36,562	39,221
Depreciation	2,928	2,896
Dividend income from listed investments	(2,616)	(5,409)
Interest income	(17,737)	(11,279)
	<u><u>(17,737)</u></u>	<u><u>(11,279)</u></u>

7. TAXATION

	Six months ended 30 June	
	2017	2016 (restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the period	18,102	21,580
Over-provision in respect of prior year	(46)	(1,140)
	<u>18,056</u>	<u>20,440</u>
Deferred tax		
Origination and reversal of temporary differences	2,163	2,959
	<u>20,219</u>	<u>23,399</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2016: 16.5%) to the estimated assessable profits for the six months ended 30 June 2017.

8. DIVIDENDS

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

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared and paid after the interim period of HK10 cents (2016: HK10 cents) per ordinary share	<u>35,627</u>	<u>35,627</u>

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

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

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK26 cents (six months ended 30 June 2016: HK26 cents) per ordinary share	<u>92,631</u>	<u>92,631</u>

9. OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Available-for-sale securities:		
Changes in fair value recognised during the period	54,403	(121,245)
Reclassification adjustments for amounts transferred to profit or loss:		
– profit on disposal	(22,648)	56,942
– impairment losses	–	46,281
	<hr/>	<hr/>
Net movement in the securities revaluation reserve during the period recognised in other comprehensive income	31,755	(18,022)
	<hr/> <hr/>	<hr/> <hr/>

Tax effect of the above components of other comprehensive income is HK\$Nil.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$166,921,000 (six months ended 30 June 2016: HK\$123,695,000), which represented by the profit from continuing operations of HK\$166,921,000 (six months ended 30 June 2016: HK\$128,858,000) and the loss from discontinued operation of HK\$Nil (six months ended 30 June 2016: HK\$5,163,000), and 356,273,883 (2016: 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 2017 and 2016, therefore diluted earnings per share are the same as basic earnings per share for both periods.

11. TRADE AND OTHER RECEIVABLES

	At 30 June	At 31 December
	2017	2016
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Trade receivables	317,991	332,960
Less: allowance for doubtful debts	(2,151)	(2,151)
	<hr/>	<hr/>
	315,840	330,809
Cash held by stakeholders	135,546	457,828
Other receivables and prepayments	118,181	64,720
Amount due from a joint venture	23,727	412
	<hr/>	<hr/>
	593,294	853,769
	<hr/> <hr/>	<hr/> <hr/>

All of the trade and other receivables except for instalment receivables of HK\$214,123,000 (31 December 2016: HK\$219,596,000) are expected to be recovered or recognised as expense within one year. Included in the trade and other receivables are amounts due from related companies of HK\$69,355,000 (31 December 2016: HK\$72,405,000) which are unsecured, interest-free and have no fixed terms of repayment.

The amount due from a joint venture is unsecured, interest-bearing at a rate to be agreed by the Group and the joint venture partner and has no fixed terms of repayment. During the period and as at 30 June 2017, the balance did not bear any interest.

11. TRADE AND OTHER RECEIVABLES (Continued)

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

	At 30 June 2017 (unaudited) HK\$'000	At 31 December 2016 (audited) HK\$'000
Current	281,384	289,963
1 to 3 months overdue	28,514	32,303
More than 3 months but less than 12 months overdue	5,618	8,320
More than 12 months overdue	324	223
	<hr/> 315,840 <hr/>	<hr/> 330,809 <hr/>

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.

12. TRADE AND OTHER PAYABLES

All of the trade and other payables except for an amount of HK\$12,777,000 (31 December 2016: HK\$11,453,000) are expected to be settled or recognised as income within one year. Included in the trade and other payables are amounts due to related companies of HK\$86,789,000 (31 December 2016: HK\$109,201,000) which are unsecured, interest-free and repayable within 30-45 days or have no fixed terms of repayment.

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

	At 30 June 2017 (unaudited) HK\$'000	At 31 December 2016 (audited) HK\$'000
Due within 1 month or on demand	104,093	125,562
Due after 1 month but within 3 months	1,047	1,341
More than 12 months	9	9
	<hr/> 105,149 <hr/>	<hr/> 126,912 <hr/>

13. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to the disclosure requirement in respect of the discontinued operation set out in note 5. In addition, the comparative figures in the consolidated statement of profit or loss have been restated as if the operation discontinued in the prior period had been discontinued at the beginning of the prior period.

INTERIM RESULTS AND DIVIDENDS

The unaudited consolidated net profit after taxation of the Group for the six months ended 30 June 2017 amounted to HK\$167 million, representing an increase of 35% as compared with the figure for the first half year of 2016. Earnings per share amounted to HK\$0.47 as compared with HK\$0.35 over the corresponding period of 2016.

The Board of Directors declared an interim dividend of HK10 cents per share (2016: interim dividend of HK10 cents per share) in respect of the year ending 31 December 2017. The interim dividend will be paid on or about Thursday, 28 September 2017 to shareholders whose names appear on the register of members at the close of business on Tuesday, 19 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the profit of the Group was mainly derived from the sale of residential units of Green Code and car parking spaces of Shining Heights.

Property Development and Investment Operations

During the period, the profit of the Group from the sale of residential units of Green Code and car parking spaces of Shining Heights amounted to HK\$75 million. Since the pre-sale of the Harbour Park project, currently in construction, in early 2016, the Group had sold over 97% of the residential units. The project is expected to be completed in early 2018.

The leasing of the rental properties of the Group was satisfactory during the period. The gross rental income from the commercial arcades amounted to HK\$48 million. At the end of the reporting period, the commercial arcades of The Spectacle and Metro6 were fully let whereas the occupancy rates of the commercial arcades of Metro Harbour Plaza and Shining Heights were 99% and 96% respectively. The commercial podium of Green Code consists of two floors with a total gross floor area of approximately 136,000 sq. ft. and the occupancy rate was around 90%.

Joint Venture Company

The joint venture company (the “Joint Venture Company”) owned by the Group and Empire Group Holdings Limited, each holding 50% of the shareholdings, has secured a loan facility (the “Loan Facility”) of HK\$3,000,000,000 from the banks for the purpose of financing the development project in Tuen Mun Town Lot No. 547 located at Castle Peak Road, Castle Peak Bay, Area 48, Tuen Mun in May this year. The project is for residential use with a site area of 165,766 square feet and a gross floor area of approximately 663,000 square feet, and is expected to be completed in 2021.

Ferry, Shipyard and Related Operations

During the period, the Ferry, Shipyard and Related Operations recorded a profit of HK\$7.9 million as a result of the improvement in shipyard business. An increase of 79% in profit was recorded as compared with the same period last year.

Securities Investment

A profit of HK\$34 million was recorded in the Group’s securities investment during the period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospects

Despite the uncertainties of Brexit and the Korean Peninsula crisis, the global economy improved in the first half of 2017. The US economy fostered relatively strong growth in the first half of the year. The Federal Reserve had raised interest rates again in the first half of the year for the second time and forewarned the reduction of its balance sheet. With the further implementation of reform and the improvement in corporate profits, the Chinese economy also recorded good growth this year. The Hong Kong economy demonstrated growth momentum in the first half of the year with GDP growing by 4.3% over the same period a year earlier, being boosted by an upward stock market, active property market and favorable economic outlooks for the year. With the launch of the Bond Connect in July 2017, foreign investors will increase their participation in the capital market of China, thereby further strengthening the position of Hong Kong as an international financial centre.

The liquidity in Hong Kong's monetary system is currently plentiful and Hong Kong dollar's short term interest rate will remain unchanged in the immediate future. With the stimulation of tender prices of government lands repeatedly hitting record highs, residential properties in Hong Kong have reached a level of adaption and consolidation, with prices getting quite unaffordable by the general public. Prior to the emergence of new factors affecting demand and supply, primary sale will continue to dominate the residential market, while the second-hand sales turnover will stalemate.

The Group will aggressively sell the remaining residential flats together with car parking spaces in the second half year and will continue to explore suitable investment opportunities.

Financial Review

Review of Results

During the six months ended 30 June 2017, the Group's revenue amounted to HK\$240 million, representing a decrease of 6% as compared with that recorded in the same period last year. This was mainly attributable to the decrease in the sales of Shining Heights.

The consolidated net profit after taxation of the Group for the six months ended 30 June 2017 was HK\$167 million, representing an increase of 35% as compared with a profit of HK\$124 million for the same period last year. The reason for the increase in profit is already mentioned in the section of Management Discussion and Analysis of this announcement.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2017, shareholders' funds of the Group amounted to HK\$5,896 million, representing a slight increase of 1.8% as compared with the corresponding figure as at 31 December 2016. The increase was mainly due to the net effect of the proceeds realised from the sale of residential units of Green Code and car parking spaces of Shining Heights, the gains on revaluation of the Group's investment properties, gains on securities investment and the payment of dividends.

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

As at 30 June 2017, current assets of the Group stood at HK\$2,731 million and current liabilities was HK\$754 million. Current ratio of the Group slightly increased from 3.5 as at 31 December 2016 to 3.6 as at 30 June 2017, mainly due to the increase in cash and bank balances.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Review (Continued)

Charge of Assets

As at 30 June 2017, shares in the Joint Venture Company were charged to secure the Loan Facility made available by banks to the Joint Venture Company. Details of the Loan Facility, the relevant guarantees granted and the securities provided are set out in notes to the unaudited Interim Financial Report.

Gearing Ratio and Financial Management

As there was no 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

As at 30 June 2017, the Group employed about 200 staff. The remuneration packages to employees were commensurable to the market trend and levels of pay in similar industries. A discretionary year-end bonus was paid to employees based on individual performance. Other benefits to employees included medical insurance, retirement scheme, training programmes and educational subsidies.

OTHER INFORMATION

Closure of Register of Members

The Register of Members will be closed on Monday, 18 September 2017 and Tuesday, 19 September 2017, during which period no requests for the transfer of shares will be accepted.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 15 September 2017.

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

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

Arrangement to Purchase Shares, Warrants, Options or Debentures

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

OTHER INFORMATION (Continued)

Corporate Governance

The Company is committed to maintain high standard of corporate governance. In the opinion of the Board of Directors, the Company has complied with the code provisions of the Corporate Governance Code (the “Code”) set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2017.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the directors. Having made specific enquiry, the Company confirmed that all directors of the Company have complied with the required standard set out in the Model Code during the six months ended 30 June 2017.

The Company has also adopted the written guidelines on no less exacting terms than the Model Code for those relevant employees, (including employees of the Company or directors or employees of its subsidiaries who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities) in respect of their dealings in the securities of the Company in compliance with the Code Provision A.6.4 of the Code.

Audit Committee

The Audit Committee has met in August 2017 and reviewed the accounting principles and practices adopted by the Group and have also discussed interim review, internal control and financial reporting matters with the management. The unaudited interim financial report for the six months ended 30 June 2017 has been reviewed with no disagreement by the Audit Committee.

The interim financial report for the six months ended 30 June 2017 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of interim financial information performed by the independent auditor of the entity*” issued by the HKICPA, whose unmodified review report is included in the interim financial report to be sent to shareholders.

Remuneration Committee

The Remuneration Committee held its meeting in June 2017. The Remuneration Committee currently comprises four independent non-executive directors and two executive directors.

OTHER INFORMATION (Continued)

Publication of Interim Results and Interim Financial Report

This interim results announcement is published on Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.hkf.com. The 2017 Interim Financial Report of the Company will be dispatched to the shareholders of the Company and will be available on both websites in due course.

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

Hong Kong, 18 August 2017

As at the date of this announcement, the executive directors of the Company are Dr. Lam Ko Yin, Colin (Chairman) and Mr. Li Ning; the non-executive directors are Mr. Au Siu Kee, Alexander, Mr. Lau Yum Chuen, Eddie, Dr. Lee Shau Kee and Mr. Wong Man Kong, Peter; and the independent non-executive directors are Mr. Ho Hau Chong, Norman, Mr. Leung Hay Man, Ms. Wong Yu Pok, Marina and Mr. Wu King Cheong.