



The Cross-Harbour (Holdings) Limited

(Stock Code : 32)

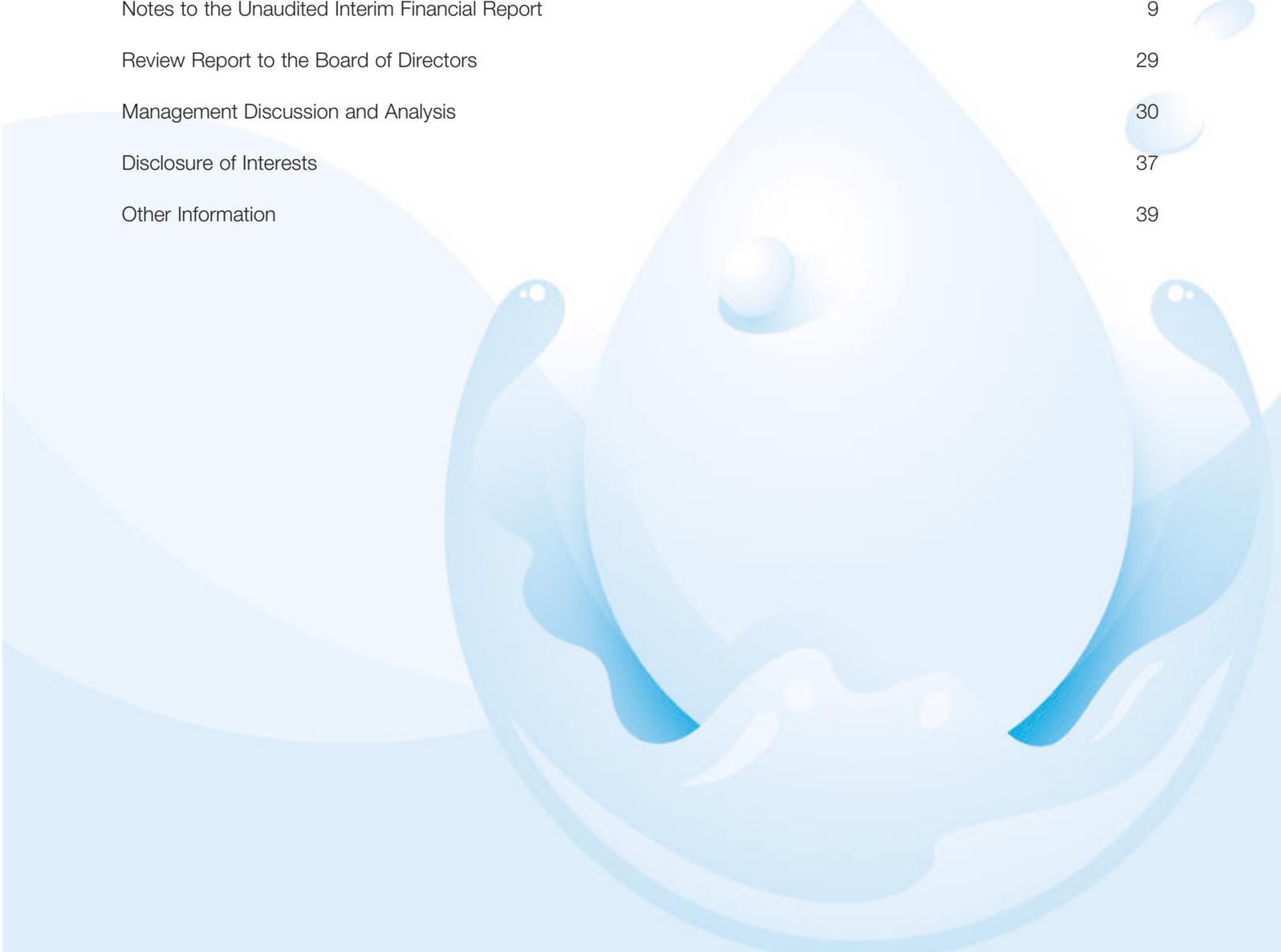
INTERIM REPORT
2022





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Corporate Information

Board of Directors

Executive Director

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

Independent Non-executive Director

Ng Kwok Fu
Luk Yu King, James
Leung Yu Ming, Steven

Audit Committee

Luk Yu King, James (*Chairman*)
Ng Kwok Fu
Leung Yu Ming, Steven

Remuneration Committee

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

Nomination Committee

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

Authorised Representative

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

Company Secretary

Leung Shuk Mun, Phyllis Sylvia¹
Man Kit Ling²

Legal Adviser

Woo, Kwan, Lee & Lo

Registered Office

25th Floor, China Resources Building
26 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2161 1888
Fax: (852) 2802 2080
Website: www.ch.limited
Email: investors@ch.limited

External Auditor

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

Registrar & Transfer Office

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

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 32

¹ Resigned on 1 July 2022

² Appointed on 1 July 2022

³ The Company's share registrar and transfer office in Hong Kong has relocated from Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on 15 August 2022

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2022 \$'000	2021 \$'000
Revenue from contracts with customers within the scope of HKFRS 15	3(a)	243,598	246,991
Dividend income from equity securities and other revenue	3(a)	27,959	22,164
Interest revenue from debt securities measured at fair value through profit or loss	3(a)	1,170	2,709
Other interest revenue	3(a)	30,781	67,965
Total revenue		303,508	339,829
Other income		13	13
Other net (losses)/gains	4	(394,841)	123,936
Direct costs and operating expenses		(107,375)	(116,788)
Selling and marketing expenses		(12,753)	(15,365)
Administrative and corporate expenses		(59,277)	(54,884)
Impairment losses on financial assets, net	5(b)	(31,219)	(10,988)
(Loss)/profit from operations		(301,944)	265,753
Finance costs	5(a)	(1,027)	(1,215)
Share of profits of associates	10	144,251	212,792
Share of profits of a joint venture		11,600	12,261
(Loss)/profit before taxation	5	(147,120)	489,591
Income tax	6	(16,599)	(15,895)
(Loss)/profit for the period		(163,719)	473,696
Attributable to:			
Equity shareholders of the Company		(192,206)	446,285
Non-controlling interests		28,487	27,411
(Loss)/profit for the period		(163,719)	473,696
(Loss)/earnings per share	7		
Basic and diluted		(\$0.52)	\$1.20

The notes on pages 9 to 28 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 14.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022 - unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2022	2021
	\$'000	\$'000
	<i>Note</i>	
(Loss)/profit for the period	(163,719)	473,696
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
– Financial assets measured at fair value through other comprehensive income (non-recycling)		
– Net changes in fair value of equity securities	3,109	(60,615)
Items that are or may be reclassified subsequently to profit or loss:		
– Financial assets measured at fair value through other comprehensive income (recycling)		
– Changes in fair value of debt securities	(34,223)	(51,135)
– Impairment losses recognised/(reversed) of debt securities	5(b) 5,745	(10,556)
– Loss upon disposal of debt security recycled to profit or loss	-	342
	(28,478)	(61,349)
– Share of other comprehensive income of a joint venture:		
– Exchange differences on translation of financial statements of subsidiary outside Hong Kong in a joint venture	36	28
Other comprehensive income for the period	(25,333)	(121,936)
Total comprehensive income for the period	(189,052)	351,760
Attributable to:		
Equity shareholders of the Company	(217,549)	324,341
Non-controlling interests	28,497	27,419
Total comprehensive income for the period	(189,052)	351,760

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

The notes on pages 9 to 28 form part of this interim financial report.

Consolidated Statement of Financial Position

As at 30 June 2022 - unaudited
(Expressed in Hong Kong dollars)

	Note	30 June 2022 \$'000	\$'000	31 December 2021 \$'000	\$'000
Non-current assets					
Property, plant and equipment	8		295,951		320,433
Interest in associates	10		418,817		571,492
Interest in a joint venture			160,930		149,292
Other financial assets	9		3,099,484		2,968,717
Deposits and prepayment	11(b)		83,649		74,441
Deferred tax assets			2,067		3,065
			<u>4,060,898</u>		<u>4,087,440</u>
Current assets					
Inventories			1,441		1,211
Other financial assets	9		1,310,188		1,341,532
Trade and other receivables	11(a)		37,997		45,172
Amount due from a joint venture			—		9,000
Tax recoverable			—		102
Dividend receivable			62,419		77,500
Bank deposits and cash	12		2,548,129		2,805,940
			<u>3,960,174</u>		<u>4,280,457</u>
Current liabilities					
Trade and other payables	13		51,304		120,766
Contract liabilities			629,316		597,589
Lease liabilities			59,903		70,475
Taxation payable			17,913		10,863
Dividends payable			23,360		854
			<u>781,796</u>		<u>800,547</u>
Net current assets			<u>3,178,378</u>		<u>3,479,910</u>

Consolidated Statement of Financial Position

As at 30 June 2022 - unaudited
(Expressed in Hong Kong dollars)

	Note	30 June 2022 \$'000	31 December 2021 \$'000
Total assets less current liabilities		<u>7,239,276</u>	<u>7,567,350</u>
Non-current liabilities			
Lease liabilities		19,820	27,195
Deferred tax liabilities		<u>2,411</u>	<u>2,182</u>
		<u>22,231</u>	<u>29,377</u>
NET ASSETS		<u>7,217,045</u>	<u>7,537,973</u>
CAPITAL AND RESERVES			
Share capital	14(b)	1,629,461	1,629,461
Reserves		<u>5,377,762</u>	<u>5,707,117</u>
Total equity attributable to equity shareholders of the Company		<u>7,007,223</u>	<u>7,336,578</u>
Non-controlling interests		<u>209,822</u>	<u>201,395</u>
TOTAL EQUITY		<u>7,217,045</u>	<u>7,537,973</u>

The notes on pages 9 to 28 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022 - unaudited

(Expressed in Hong Kong dollars)

Attributable to equity shareholders of the Company									
	Share capital	Capital reserve	Fair value reserve (recycling)	Fair value reserve (non-recycling)	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2021	1,629,461	1,984	(20,616)	1,600,301	46	5,903,429	9,114,605	184,260	9,298,865
Changes in equity for the six months ended 30 June 2021:									
Profit for the period	—	—	—	—	—	446,285	446,285	27,411	473,696
Other comprehensive income	—	—	(61,349)	(60,615)	20	—	(121,944)	8	(121,936)
Total comprehensive income	—	—	(61,349)	(60,615)	20	446,285	324,341	27,419	351,760
Dividend approved in respect of the previous financial year	14(a)	—	—	—	—	(89,445)	(89,445)	—	(89,445)
Non-controlling interest's share of dividends		—	—	—	—	—	—	(24,570)	(24,570)
Dividends declared in respect of the current financial year	14(a)	—	—	—	—	(22,361)	(22,361)	—	(22,361)
Balance at 30 June 2021	<u>1,629,461</u>	<u>1,984</u>	<u>(81,965)</u>	<u>1,539,686</u>	<u>66</u>	<u>6,237,908</u>	<u>9,327,140</u>	<u>187,109</u>	<u>9,514,249</u>
Balance at 1 July 2021	1,629,461	1,984	(81,965)	1,539,686	66	6,237,908	9,327,140	187,109	9,514,249
Changes in equity for the six months ended 31 December 2021:									
(Loss)/Profit for the period	—	—	—	—	—	(495,530)	(495,530)	39,363	(456,167)
Other comprehensive income	—	—	(41,689)	(1,408,555)	(65)	—	(1,450,309)	(27)	(1,450,336)
Total comprehensive income	—	—	(41,689)	(1,408,555)	(65)	(495,530)	(1,945,839)	39,336	(1,906,503)
Transfer to retained profits upon disposal of financial assets	—	—	—	(103,501)	—	103,501	—	—	—
Non-controlling interest's share of dividends	—	—	—	—	—	—	—	(25,050)	(25,050)
Dividends declared in respect of the current financial year	—	—	—	—	—	(44,723)	(44,723)	—	(44,723)
Balance at 31 December 2021	<u>1,629,461</u>	<u>1,984</u>	<u>(123,654)</u>	<u>27,630</u>	<u>1</u>	<u>5,801,156</u>	<u>7,336,578</u>	<u>201,395</u>	<u>7,537,973</u>

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022 - unaudited
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Capital reserve	Fair value reserve (recycling)	Fair value reserve (non-recycling)	Exchange reserve	Retained profits	Total			
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022	1,629,461	1,984	(123,654)	27,630	1	5,801,156	7,336,578	201,395	7,537,973	
Changes in equity for the six months ended 30 June 2022										
(Loss)/profit for the period	-	-	-	-	-	(192,206)	(192,206)	28,487	(163,719)	
Other comprehensive income	-	-	(28,478)	3,109	26	-	(25,343)	10	(25,333)	
Total comprehensive income	-	-	(28,478)	3,109	26	(192,206)	(217,549)	28,497	(189,052)	
Dividend approved in respect of the previous financial year	14(a)	-	-	-	-	(89,445)	(89,445)	-	(89,445)	
Non-controlling interest's share of dividends		-	-	-	-	-	-	(20,070)	(20,070)	
Dividends declared in respect of the current financial year	14(a)	-	-	-	-	(22,361)	(22,361)	-	(22,361)	
Balance at 30 June 2022	1,629,461	1,984	(152,132)	30,739	27	5,497,144	7,007,223	209,822	7,217,045	

The notes on pages 9 to 28 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2022 - unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2022 \$'000	2021 \$'000
Operating activities			
Cash generated from operations		39,245	111,791
Tax paid		(8,220)	(6,774)
Net cash generated from operating activities		31,025	105,017
Investing activities			
Decrease in deposits with banks with original maturity over three months		173,948	482,625
Decrease in amount due from a joint venture		9,000	9,000
Payments for purchase of debt securities at FVOCI (recycling)		(13,094)	—
Payments for purchase of other financial assets at FVPL		(760,302)	(1,391,377)
Payments for investments in interest-bearing instruments		—	(420,000)
Payment for purchase of property, plant and equipment		(5,871)	(7,292)
Payment for acquisition of an associate		—	(1)
Increase in loan to an associate		—	(108,631)
Dividends received from equity securities at FVPL		10,746	14,829
Dividends received from equity securities at FVOCI (non-recycling)		582	1,749
Dividends received from associates		327,500	348,500
Proceeds from distribution of unlisted funds at FVPL		83,922	221,917
Proceeds from sale of equity securities at FVPL		48,043	134,332
Interest received		32,279	84,660
Proceeds from repayment of interest-bearing instruments		100,000	257,999
Proceeds from sale of debt securities at FVOCI (recycling)		—	55,083
Proceeds from sale of debt securities at FVPL		—	99,161
Other cash flows arising from investing activities		133	(2,754)
Net cash generated from/(used in) from investing activities		6,886	(220,200)
Financing activities			
Dividends paid to equity shareholders of the Company		(89,300)	(89,446)
Capital element of lease rentals paid		(11,377)	(28,448)
Interest element of lease rentals paid		(1,027)	(1,215)
Other cash flows arising from financing activities		(20,070)	(24,570)
Net cash used in financing activities		(121,774)	(143,679)
Net decrease in cash and cash equivalents		(83,863)	(258,862)
Cash and cash equivalents at 1 January		2,447,012	2,116,587
Cash and cash equivalents at 30 June	12	2,363,149	1,857,725

The notes on pages 9 to 28 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

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, 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 23 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 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 the group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 34.

The financial information relating to the financial year ended 31 December 2021 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 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

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

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

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

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

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

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

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Revenue and segment reporting

(a) Revenue

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

(i) Disaggregation of revenue

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

	Six months ended 30 June	
	2022	2021
	\$'000	\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines:		
– Course fee from motoring school operation	240,248	243,941
– Management fee from tunnel operation	1,250	1,250
– Consultancy fee and management fee from electronic toll operation	2,100	1,800
	<u>243,598</u>	<u>246,991</u>
Dividend income from equity securities and other revenue		
– Dividend income from equity securities	26,808	20,822
– Others	1,151	1,342
	<u>27,959</u>	<u>22,164</u>
Interest revenue from debt securities measured at fair value through profit or loss	<u>1,170</u>	<u>2,709</u>
Other interest revenue		
– Interest income from debt securities at FVOCI	17,294	46,520
– Interest income from interest-bearing instruments	10,305	17,992
– Interest income from bank	3,182	3,453
	<u>30,781</u>	<u>67,965</u>
Total revenue	<u>303,508</u>	<u>339,829</u>

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Revenue and segment reporting *(continued)*

(b) Segment reporting

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

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

(i) Segment results and assets

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

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

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results and assets (continued)

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

	Motoring		Tunnel Operation		Electronic Toll Operation		Treasury Management		Total	
	School Operation		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June		30 June	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers within the scope of HKFRS 15	240,248	243,941	1,250	1,250	2,100	1,800	–	–	243,598	246,991
Dividend income from equity securities	–	–	–	–	–	–	26,808	20,822	26,808	20,822
Interest revenue	2,172	1,441	–	–	–	–	29,779	69,233	31,951	70,674
Reportable segment revenue	242,420	245,382	1,250	1,250	2,100	1,800	56,587	90,055	302,357	338,487
Reportable segment profit/(loss) before tax	97,970	93,191	145,501	214,042	13,583	13,948	(375,575)	200,401	(118,521)	521,582
Finance costs	968	1,136	–	–	–	–	59	79	1,027	1,215
Depreciation	44,917	37,179	–	–	–	–	–	–	44,917	37,179
Share of profits of associates	–	–	144,251	212,792	–	–	–	–	144,251	212,792
Share of profits of a joint venture	–	–	–	–	11,600	12,261	–	–	11,600	12,261
Income tax	16,158	15,630	–	–	139	138	40	69	16,337	15,837
Reportable segment assets at 30 June 2022/ 31 December 2021	1,286,625	1,253,305	247,253	399,928	165,910	176,730	6,289,116	6,507,549	7,988,904	8,337,512

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

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

	Six months ended 30 June	
	2022	2021
	\$'000	\$'000
Revenue		
Reportable segment revenue	302,357	338,487
Unallocated head office and corporate revenue	1,151	1,342
Consolidated revenue	<u>303,508</u>	<u>339,829</u>
Profit		
Reportable segment (loss)/profit before taxation	(118,521)	521,582
Other income	13	13
Unallocated head office and corporate income and expenses	(28,612)	(32,004)
Consolidated (loss)/profit before taxation	<u>(147,120)</u>	<u>489,591</u>
	At	At
	30 June	31 December
	2022	2021
	\$'000	\$'000
Assets		
Reportable segment assets	7,988,904	8,337,512
Unallocated head office and corporate assets	32,168	30,385
Consolidated total assets	<u>8,021,072</u>	<u>8,367,897</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

4 Other net (losses)/gains

	Six months ended 30 June	
	2022 \$'000	2021 \$'000
Change in fair value of other financial assets at FVPL		
– Unlisted fund investments	(264,591)	275,116
– Equity securities	(129,131)	(147,084)
– Debt securities	(1,249)	(2,952)
– Others	85	–
	<u>(394,886)</u>	<u>125,080</u>
Net gains on sale of property, plant and equipment	45	264
Loss upon disposal of debt security at FVOCI (recycling)	–	(342)
Others	–	(1,066)
	<u>(394,841)</u>	<u>123,936</u>

5 (Loss)/profit before taxation

	Six months ended 30 June	
	2022 \$'000	2021 \$'000
(Loss)/profit before taxation is arrived at after charging/(crediting):		
(a) Finance costs		
Interest on lease liabilities	<u>1,027</u>	<u>1,215</u>
(b) Other items		
Depreciation		
– Owned property, plant and equipment	12,845	13,780
– Right-of-use assets	<u>36,774</u>	<u>28,436</u>
	<u>49,619</u>	<u>42,216</u>
Impairment losses recognised/(reversed) on financial assets		
– Debt securities at FVOCI (recycling)	5,745	(10,556)
– Interest bearing instruments, net	16,784	21,544
– Trade and other receivables	<u>8,690</u>	<u>–</u>
	<u>31,219</u>	<u>10,988</u>
Contributions to defined contribution retirement scheme	4,359	4,090
Salaries, wages and other benefits (including directors' emoluments)	119,596	119,094
Cost of inventories consumed	6,415	5,227
Rent concessions (note 8(a))	<u>(25,924)</u>	<u>(19,374)</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

6 Income tax

	Six months ended 30 June	
	2022	2021
	\$'000	\$'000
Current tax – Hong Kong Profits Tax	15,372	16,307
Deferred tax	1,227	(412)
	<u>16,599</u>	<u>15,895</u>

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

The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

7 (Loss)/earnings per share

The calculation of basic and diluted (loss)/earnings per share is based on the loss for the period attributable to ordinary equity shareholders of the Company of \$192,206,000 (2021: profit for the period of \$446,285,000) and the weighted average of 372,688,000 ordinary shares (2021: 372,688,000 ordinary shares) in issue during the period.

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

8 Property, plant and equipment

(a) Right-of-use assets

During the six months ended 30 June 2022, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of fixed lease payments for the interim reporting period is summarised below:

	Six months ended 30 June 2022		
	Fixed payments \$'000	COVID-19 rent concessions \$'000	Total payments \$'000
Properties leased for own use as driving schools	34,565	(25,924)	8,641

	Six months ended 30 June 2021		
	Fixed payments \$'000	COVID-19 rent concessions \$'000	Total payments \$'000
Properties leased for own use as driving schools	26,125	(19,374)	6,751

The Group has applied the practical expedient introduced by the Amendment to HKFRS 16, *Leases, COVID-19-related rent concessions beyond 30 June 2021 (2021 amendment)*.

(b) Acquisitions of owned assets

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of \$5,871,000 (six months ended 30 June 2021: \$7,292,000).

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Other financial assets

		30 June 2022 \$'000	31 December 2021 \$'000
Non-current			
Financial assets measured at FVOCI (non-recycling)			
– Equity securities listed in Hong Kong*	(i)	63,040	59,931
Financial assets measured at FVPL			
– Unlisted fund investments	(ii)	2,950,600	2,822,231
– Unlisted equity security		84,484	83,946
– Debt security listed outside Hong Kong*		1,360	2,609
		<u>3,036,444</u>	<u>2,908,786</u>
		<u>3,099,484</u>	<u>2,968,717</u>
Current			
Financial assets measured at amortised cost			
– Unsecured, interest-bearing instruments	(iii)	175,000	275,000
Less: loss allowance		<u>(101,065)</u>	<u>(84,281)</u>
		<u>73,935</u>	<u>190,719</u>
Financial assets measured at FVOCI (recycling)			
– Debt securities listed outside Hong Kong*		<u>81,832</u>	<u>102,960</u>
Financial assets measured at FVPL			
– Equity securities listed in Hong Kong*	(iv)	871,913	913,434
– Equity securities listed outside Hong Kong*	(v)	278,524	130,521
– Others*		3,984	3,898
		<u>1,154,421</u>	<u>1,047,853</u>
		<u>1,310,188</u>	<u>1,341,532</u>
Total		<u><u>4,409,672</u></u>	<u><u>4,310,249</u></u>

* Fair value measured using unadjusted quoted price in active markets. Details of fair value measurement of financial assets are set out in note 15.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Other financial assets (continued)

Notes:

- (i) The Group designated these investments at FVOCI (non-recycling), as they are held for strategic purposes. Net fair value gain of \$3,109,000 (30 June 2021: net loss of \$60,615,000) was recognised in other comprehensive income and dividends amounted to \$581,000 (30 June 2021: \$1,749,000) were received and recognised in profit or loss during the period. Neither addition nor disposal was noted during the period (30 June 2021: Nil).
- (ii) As at 30 June 2022, the Group's unlisted fund investments comprised 46 (31 December 2021: 35) private funds. The Group managed the price risk through diversification of investment portfolio. The underlying investments held by these funds include listed and unlisted equity securities, debt securities, structured financing products and venture capital deals in various regions, covering various industries and sectors including biopharmaceuticals, biotechnology, e-Commerce, healthcare and related services, information technology, industrials, enterprise software, and transportation. The fair value of these investments may change significantly based on broader macroeconomic conditions, overall capital and investment markets conditions, and factors associated with underlying assets within the private fund portfolio.
- (iii) The balance as at 30 June 2022 represents 4 (31 December 2021: 4) interest-bearing instruments which are unsecured, interest-bearing from 7% to 12% per annum (31 December 2021: 7% to 12% per annum) and with original maturities of 6 to 12 months.
- (iv) As at 30 June 2022, the fair value of equity securities listed in Hong Kong and classified at FVPL amounted to \$871,913,000 (31 December 2021: \$913,434,000), and a decrease in fair value of \$72,878,000 (30 June 2021: decrease of \$147,908,000) was recognised in profit or loss for the period.
- (v) As at 30 June 2022, the Group's investments in listed equity securities outside Hong Kong and classified at FVPL amounted to \$278,524,000 (31 December 2021: \$130,521,000) are equity securities listed in USA, UK and Singapore, and a decrease in fair value of \$56,791,000 (30 June 2021: increase of \$540,000) was recognised in profit or loss for the period.

10 Interest in associates

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

Name of associate	Form of business structure	Place of incorporation and business	Proportion of ownership interest		Principal activity	Financial year end
			Group's effective interest	Held by a subsidiary		
Western Harbour Tunnel Company Limited ("WHTCL") (Note 1)	Incorporated	Hong Kong	50%	50%	Operation of the Western Harbour Crossing	31 July
Ace Season Investments Limited ("ASIL") (Note 2)	Incorporated	British Virgin Islands	45%	45%	Securities investment	31 December

Note 1: WHTCL was granted a thirty-year franchise to construct and operate the Western Harbour Crossing in accordance with the Western Harbour Crossing Ordinance enacted on 22 July 1993. The franchise will expire on 1 August 2023.

Note 2: ASIL was acquired in May 2021 for the Group in expanding its securities investment.

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

10 Interest in associates (continued)

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

	Note	Six months ended 30 June	
		2022 \$'000	2021 \$'000
Gross amounts of WHTCL's			
Revenue			
Toll revenue		664,963	788,086
Other revenue	(i)	28,125	26,879
		<u>693,088</u>	<u>814,965</u>
Other income		309	163
Expenditure			
Operating and administrative expenses		(63,464)	(64,233)
Rates and government rent		(31,251)	(32,958)
Amortisation and depreciation	(ii)	(240,864)	(195,575)
Operating profit before finance charges		357,818	522,362
Interest on shareholders' loans		(26)	(26)
Profit before taxation		357,792	522,336
Income tax	(iii)	(59,931)	(87,398)
Profit and total comprehensive income		<u>297,861</u>	<u>434,938</u>
Group's effective interest		50%	50%
Group's share of profit and total comprehensive income		148,931	217,469
Fair value adjustments		(4,677)	(4,677)
		<u>144,254</u>	<u>212,792</u>
Dividend declared by the associate		<u>297,000</u>	<u>352,000</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

10 Interest in associates (continued)

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

		At 30 June 2022 \$'000	At 31 December 2021 \$'000
Gross amounts of WHTCL's			
Current assets		349,663	406,362
Non-current assets		579,286	820,100
Current liabilities	(iv)	(378,072)	(334,705)
Non-current liabilities		(82,651)	(127,394)
Equity		<u>468,226</u>	<u>764,363</u>
Reconciled to the Group's interest in WHTCL			
Gross amount of net assets of the associate		468,226	764,363
Group's effective interest		50%	50%
Group's share of net assets of the associate		234,113	382,182
Fair value adjustments		9,977	14,653
Amount due from the associate	(v)	474	417
Loan to and interest receivable from the associate	(vi)	<u>2,689</u>	<u>2,676</u>
Carrying amount in the consolidated financial statements		<u>247,253</u>	<u>399,928</u>

Notes:

- (i) Other revenue includes income from telecommunications network providers and outdoor advertising site rental.
- (ii) Amortisation of the cost of tunnel is calculated to write off the cost over the franchise period on a units-of-usage basis whereby amortisation is provided based on the share of traffic volume for a particular period over the projected total traffic volume for the remainder of the franchise period of the tunnel. The franchise operating right will expire on 1 August 2023, being the end of the franchising period.
- (iii) Taxation for the period comprises current tax and movements in deferred tax liabilities for the period. The provision for Hong Kong Profits Tax for the six months ended 30 June 2022 is calculated at 8.25% on assessable profits up to \$2,000,000 and 16.5% on any part of assessable profits over \$2,000,000 for the year (30 June 2021: 8.25% on assessable profits up to \$2,000,000 and 16.5% on any part of assessable profits over \$2,000,000 for the year).
- (iv) Current liabilities include current tax liabilities of \$189.9 million (31 December 2021: \$92.2 million).
- (v) The amount due from the associate is unsecured, interest-free and recoverable on demand. The amount is classified as non-current as the directors do not intend to demand repayment within the next twelve months.
- (vi) The loan to the associate is unsecured and bears interest at a rate of 1% per annum (30 June 2021: 1% per annum) as determined by the shareholders of the associate. Interest earned by the Group from the associate for the six months ended 30 June 2022 amounted to \$13,000 (30 June 2021: \$13,000). The loan is repayable on demand as may from time to time be agreed among the associate's shareholders.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

10 Interest in associates (continued)

(c) Aggregate information of ASIL:

	At 30 June 2022 \$'000	At 31 December 2021 \$'000
Carrying amount in the consolidated financial statements	171,564	171,564
Group's share of ASIL		
Profit before taxation	—	62,628
Profit and total comprehensive income	—	62,628
Loan to an associate (Note)	108,999	108,935

Note: In accordance with the terms of the associate agreement, partners to ASIL have provided loan capital to ASIL in proportion to their shareholdings and under equal terms. The loans are unsecured, interest free and subordinated to the other financing obtained by ASIL. Repayment of any amount of the loan capital is subject to ASIL having sufficient assets after taking into account the external financing and retained earnings. Accordingly, the loan to ASIL forms an integral part of the Group's equity investment in the associate.

11 Trade and other receivables and deposits and prepayment

(a) Trade and other receivables

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

	At 30 June 2022 \$'000	At 31 December 2021 \$'000
	<i>Note</i>	
Within 1 month	2,420	2,561
1 to 3 months	45	348
Over 3 months	110	107
Trade receivables, net of loss allowance	2,575	3,016
Other receivables	16,674	21,830
Trade and other receivables	19,249	24,846
Deposits and prepayment (Current portion)	18,748	20,326
	37,997	45,172

All of the trade and other receivables and current portion of deposits and prepayment are expected to be recovered within one year.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

11 Trade and other receivables and deposits and prepayment (continued)

(b) Deposits and prepayment

		At 30 June 2022 \$'000	At 31 December 2021 \$'000
Deposits for properties leased for own use		83,446	73,663
Deposit for property, plant and equipment		203	—
Prepayment for unlisted fund investments		—	778
		<hr/>	<hr/>
Deposits and prepayment (Non-current portion)		83,649	74,441
Other deposits and prepayment (Current portion)	11(a)	18,748	20,326
		<hr/>	<hr/>
		102,397	94,767
		<hr/> <hr/>	<hr/> <hr/>

The Group's deposits and prepayment of \$83,649,000 (31 December 2021: \$74,441,000) are expected to be recovered after more than one year.

12 Bank deposits and cash

		At 30 June 2022 \$'000	At 31 December 2021 \$'000
Deposits with banks and other financial institutions		843,173	769,797
Cash at bank and in hand		1,704,956	2,036,143
		<hr/>	<hr/>
Bank deposits and cash in the consolidated statement of financial position		2,548,129	2,805,940
Less: Deposits with original maturity over three months		(184,980)	(358,928)
		<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated cash flow statement		2,363,149	2,447,012
		<hr/> <hr/>	<hr/> <hr/>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

13 Trade and other payables

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

	At 30 June 2022 \$'000	At 31 December 2021 \$'000
Within 1 month	3,523	2,082
1 month to 3 months	2,027	2,082
Over 3 months but within 6 months	4,064	4,163
Trade payables	9,614	8,327
Other payables and accruals	41,690	112,439
	<u>51,304</u>	<u>120,766</u>

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

14 Capital, reserves and dividends

(a) Dividends

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

	Six months ended 30 June	
	2022 \$'000	2021 \$'000
First interim dividend declared during the interim period of \$0.06 per share (2021: \$0.06 per share)	22,361	22,361
Second interim dividend declared after the interim period of \$0.06 per share (2021: \$0.06 per share)	22,361	22,361
	<u>44,722</u>	<u>44,722</u>

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

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

	Six months ended 30 June	
	2022 \$'000	2021 \$'000
Final dividend in respect of the previous financial year, declared and approved during the interim period of \$0.24 per share (2021: \$0.24 per share)	89,445	89,445

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Capital, reserves and dividends (continued)

(b) Share capital

Issued share capital

	2022		2021	
	No. of shares '000	Amount \$'000	No. of Shares '000	Amount \$'000
Ordinary shares, issued and fully paid:				
At 1 January	<u>372,688</u>	<u>1,629,461</u>	<u>372,688</u>	<u>1,629,461</u>
At 30 June/31 December	<u>372,688</u>	<u>1,629,461</u>	<u>372,688</u>	<u>1,629,461</u>

15 Fair value measurement

Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

15 Fair value measurement (continued)

Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 30 June 2022 \$'000	Fair value measurements as at 30 June 2022 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements				
Assets				
Financial assets measured at FVOCI (non-recycling):				
– Equity securities listed in Hong Kong	63,040	63,040	–	–
Financial assets measured at FVOCI (recycling):				
– Debt securities listed outside Hong Kong	81,832	81,832	–	–
Financial assets measured at FVPL:				
– Unlisted fund investments	2,950,600	–	4,717	2,945,883
– Unlisted equity security	84,484	–	–	84,484
– Equity securities listed in Hong Kong	871,913	871,913	–	–
– Equity securities listed outside Hong Kong	278,524	278,524	–	–
– Debt security listed outside Hong Kong	1,360	1,360	–	–
– Cryptocurrencies	3,984	3,984	–	–
	<u>4,335,737</u>	<u>1,300,653</u>	<u>4,717</u>	<u>3,030,367</u>
	Fair value at 31 December 2021 \$'000	Fair value measurements as at 31 December 2021 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000

Recurring fair value measurements

Assets

Financial assets measured at FVOCI (non-recycling):				
– Equity securities listed in Hong Kong	59,931	59,931	–	–
Financial assets measured at FVOCI (recycling):				
– Debt securities listed outside Hong Kong	102,960	102,960	–	–
Financial assets measured at FVPL:				
– Unlisted fund investments	2,822,231	–	6,482	2,815,749
– Unlisted equity security	83,946	–	–	83,946
– Equity securities listed in Hong Kong	913,434	913,434	–	–
– Equity securities listed outside Hong Kong	130,521	130,521	–	–
– Debt security listed outside Hong Kong	2,609	2,609	–	–
– Cryptocurrencies	3,898	3,898	–	–
	<u>4,119,530</u>	<u>1,213,353</u>	<u>6,482</u>	<u>2,899,695</u>

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

15 Fair value measurement (continued)

Valuation techniques and inputs used in Level 2 fair value measurements

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

Information about Level 3 fair value measurements

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

<u>Instruments</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Weighted average</u>	<u>Change in unobservable inputs</u>	<u>Favourable/ (unfavourable) impact on profit or loss</u>
As at 30 June 2022					
- Unlisted equity security	Market comparable companies	Discount for lack of marketability	20%	+/-5%	+/- HK\$5,300,000
As at 31 December 2021					
- Unlisted equity security	Market comparable companies	Discount for lack of marketability	20%	+/-5%	+/- HK\$5,300,000

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

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

15 Fair value measurement (continued)

Information about Level 3 fair value measurements (continued)

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

	2021 \$'000	2020 \$'000
<i>Financial assets measured at FVPL:</i>		
<i>– Unlisted fund investments:</i>		
At 1 January	2,815,749	1,557,696
Payment for capital contribution	476,883	996,721
Proceeds from distribution	(83,922)	(221,917)
Changes in fair value recognised in profit or loss during the period	<u>(262,827)</u>	<u>278,002</u>
At 30 June	<u>2,945,883</u>	<u>2,610,502</u>
<i>– Unlisted equity security</i>		
At 1 January	83,946	129,279
Changes in fair value recognised in profit or loss during the period	<u>538</u>	<u>284</u>
At 30 June	<u>84,484</u>	<u>129,563</u>

16 Commitments

Investment commitment

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

	At 30 June 2022	At 31 December 2021
Private funds	<u>2,443,258</u>	<u>1,978,696</u>

17 Material related party transactions

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

- (a) The Group extended a loan to and received interest from an associate, WHTCL. The balance of the loan and interest receivable at 30 June 2022 was \$2.7 million (31 December 2021: \$2.7 million).

The Group received interest income and management fee income from WHTCL of \$13,000 (30 June 2021: \$13,000) and \$1.25 million (30 June 2021: \$1.25 million) respectively.

- (b) The Group received consultancy fees and management fee income from a joint venture of \$2.1 million (30 June 2021: \$1.8 million).

18 Non-adjusting event after the reporting period

On 23 August 2022, the Directors proposed a second interim dividend. Further details are set out in note 14(a) "Dividends".

Review Report to the Board of Directors

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

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 2 to 28 which comprises the consolidated statement of financial position of The Cross-Harbour (Holdings) Limited as of 30 June 2022 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

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

Hong Kong, 23 August 2022

Management Discussion and Analysis

The board of directors of The Cross-Harbour (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022. The interim results have been reviewed by the audit committee and KPMG. KPMG’s review report is set out on page 29.

Group Results

The Group reported a loss attributable to shareholders of HK\$192.2 million (30 June 2021: profit of HK\$446.3 million) for the six months ended 30 June 2022. The loss was primarily due to the net loss of treasury management business of HK\$375.6 million (30 June 2021: profit of HK\$200.4 million). Loss per share was HK\$0.52 (30 June 2021: Earnings per share: HK\$1.20).

Dividends

A first quarterly interim dividend of HK\$0.06 per share, absorbing a total amount of approximately HK\$22.4 million, was paid on 8 July 2022. Your directors have today declared a second quarterly interim dividend of HK\$0.06 per share payable on 16 September 2022 to shareholders registered at the close of business on 9 September 2022.

Closure of Books

The register of members and transfer books of the Company will be closed from Wednesday, 7 September 2022 to Friday, 9 September 2022, during which period no transfer of shares in the Company will be registered. In order to qualify for the second quarterly interim dividend, all transfer documents and accompanying share certificates must be lodged for registration with Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m., Tuesday, 6 September 2022.

Business Review and Prospects

Hong Kong experienced a resurgence of COVID-19 cases in the first quarter of this year, plunging the economy into contraction. In the first quarter of 2022, its GDP contracted by 4.0% year-on-year, Hong Kong’s total retail sales decreased by 7.6% and the unemployment rate rose back to 5.0%. The fifth wave of local outbreak of COVID-19 and corresponding restrictive measures heavily disrupted a wide range of economic activities as well as the financial market sentiment. Amid the worries over the conflict between Russia and Ukraine, the economic slowdown in mainland China impacted by the latest wave of COVID-19, and the acceleration of interest rates hikes and balance sheet reductions in the United States, the local and global financial markets underwent a substantial correction in the first half of 2022. The economic activities of Hong Kong improved in the second quarter as the number of COVID-19 cases were reduced which led to the relaxation of social distancing measures, but the external demand continued to weaken because of a global rampant inflation situation that curtailed purchasing power.

Looking forward to the rest of 2022, the local and global economy and financial markets would not be able to escape from the uncertainties over the incessant development of COVID-19, the ongoing conflict between Russia and Ukraine, the continuous supply chain disruptions, and the new wave of US-China Tension. The Group’s operating environments and investment portfolio would subject to unusually high difficulties and unexpected risks, which may in turn adversely affects the overall performance and financial position of the Group by end of the 2022.

Management Discussion and Analysis

Motoring School Operation

Alpha Hero Group (70% owned) operates driving training schools in Hong Kong. Operating income for the first half of 2022 decreased slightly by 1.5% as compared to the last corresponding period as a net result of a decrease in revenue from non-motorcycle driving training courses and an increase in revenue from motorcycles driving training courses. The number of non-motorcycle driving lessons delivered for the first half of 2022 dropped by 7.0% as compared to the last corresponding period mainly due to the fifth wave of COVID-19 outbreak in the first quarter of 2022. In late January 2022, the Transport Department suspended all driving test services to align with the Government's anti-epidemic measures. But the driving test services were gradually resumed from April in line with the Government's announcement to resume public services. The driving training market in coming quarters might recover at a gradual pace if the fifth wave of COVID-19 could be controlled at an acceptable level.

Electronic Toll Operation

Autotoll (BVI) Limited ("Autotoll"), a jointly controlled entity, 50% owned by The Autopass Company Limited (a 70% owned subsidiary), operates electronic toll collection ("ETC") system, provision of telematics services, intelligent transportation and surveillance system solutions, and smart city service solutions in Hong Kong. The ETC facilities cover ten different toll roads and tunnels; and there are fifty-two auto-toll lanes in operation at present. The total number of tags in circulation as at 30 June 2022 was about 359,000. The overall usage of auto-toll facilities in all ten toll roads and tunnels is maintained at around 48%. The number of daily transactions handled by Autotoll was about 301,000 with toll amount of approximately HK\$7.4 million. The number of subscribers for the Global Positioning System at the end of June was about 14,100. The Free-Flow Tolling Service will be rolled out gradually by Government at each of the government-tolled tunnels and Tsing Sha Control Area from the end of 2022. It is expected that the number of tags for ETC facilities might gradually decrease in the second half of 2022.

Tunnel Operation

Western Harbour Tunnel Company Limited ("WHTCL"), a 50% owned associate, operates the Western Harbour Tunnel ("WHT") in Hong Kong under a 30 years' franchise. The franchise of WHT will expire on 1 August 2023. On expiration, the ownership of the WHT will vest in the Government and WHTCL's contribution to the Group therefore will reduce significantly in 2023.

The average daily throughput of the WHT for the first half of 2022 decreased by 16.8% to 44,531 vehicle journeys as compared to 53,553 vehicle journeys recorded in the last corresponding period. The average toll per vehicle increased from HK\$81.3 in the last corresponding period to HK\$82.5 in the first half of 2022. WHT's market share was decreased from about 22% in the last corresponding period to about 21% for the current period. As the fifth wave of COVID-19 has not yet ended and the schedule of resuming quarantine-free travel with mainland China is still in question, the traffic demand and toll revenue of WHT for the rest of 2022 would continue to be affected.

Treasury Management Business

Global financial markets have faced a list of concerns in the first half of 2022, including the Russia-Ukraine war, the new COVID-19 lockdowns and economic slowdown in China, the multi-decade high inflation in many countries, and the corresponding contractionary monetary policy. Major stock market indices have undergone large corrections, such as Dow Jones Industrial Average dropped around 15.3% to 30,775, Nasdaq Composite dropped around 29.5% to 11,029, SSE Composite Index dropped around 6.6% to 3,399, and Hang Seng Index dropped around 6.6% to 21,860. The private equity market was also under pressure. The fundraising and acquisition activity level was comparatively slowdown than last year.

Under this volatile market situation, the Group recorded a net fair value loss on unlisted fund investments of HK\$264.6 million and a net fair value loss on equity securities of HK\$129.1 million in the first half of 2022. The Group continued to make capital contribution to various unlisted funds of different sectors and industries and increased the investment in equity securities listed outside Hong Kong, in order to diversify the investment portfolio of the Group. The Group further reduced the investments in interest-bearing instruments to minimize the associated credit risk exposure. Overall, the value of the Group's investment portfolio during the period increased slightly by HK\$99.5 million to HK\$4,409.7 million.

The Group through its wholly-owned subsidiary, XHarbour Limited ("XHL"), has on 22 July 2022 obtained an approval-in-principle of its application to the Securities and Futures Commission (the "SFC") for licenses to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the "Application"). XHL may commence Type 4 (advising on securities) and Type 9 (asset management) regulated activities in due course following SFC's final approval of the Application.

Commentary on Interim Results

(I) Review of 2022 Interim Results

The Group reported a loss attributable to shareholders of HK\$192.2 million (30 June 2021: profit of HK\$446.3 million) for the six months ended 30 June 2022. The loss was primarily due to the net loss of treasury management business of HK\$375.6 million (30 June 2021: profit of HK\$200.4 million). In addition, the profit contribution from tunnel operation was decreased to HK\$145.5 million (30 June 2021: HK\$214.0 million).

The Group recorded a total revenue of HK\$303.5 million in the first half of 2022, representing a decrease of 10.7% as compared to HK\$339.8 million recorded in the last corresponding period. The drop in total revenue was mainly due to the decrease in revenue from treasury management segment.

Performance of the treasury management segment for the first half of 2022

The net loss of treasury management business of HK\$375.6 million mainly includes net fair value loss on financial assets measured at fair value through profit or loss ("FVPL") of HK\$394.9 million, dividend income and interest income from investment portfolio of HK\$55.6 million, and impairment losses on interest-bearing instruments and debt securities measured at fair value through other comprehensive income ("FVOCI") of HK\$31.2 million. Taking into account of net fair value loss on financial assets measured at FVOCI recognized in the fair value reserve, the overall performance of treasury management segment was significantly worse off in current period as compared with the last corresponding period.

The net fair value loss on financial assets measured at FVPL of HK\$394.9 million (30 June 2021: net gain of HK\$125.1 million) was mainly attributable to (i) the net fair value loss on unlisted fund investments of HK\$264.6 million (30 June 2021: net gain of HK\$275.1 million) and (ii) the net fair value loss on equity securities of HK\$129.1 million (30 June 2021: HK\$147.1 million).

The net fair value loss on unlisted fund investment measured at FVPL of HK\$264.7 million was mainly attributable to the fair value loss of Tisé Opportunity SPC - Tisé Equity Segregated Portfolio 1 of HK\$159.1 million (30 June 2021: HK\$0.9 million) and the fair value loss of Diversified Absolute Return Fund of HK\$36.0 million (30 June 2021: gain of HK\$89.9 million).

The net fair value loss on equity securities measured at FVPL of HK\$129.1 million was mainly attributable to (i) the net fair value loss of listed securities in Hong Kong of HK\$72.9 million (30 June 2021: HK\$147.9 million) and (ii) the net fair value loss of listed securities outside Hong Kong of HK\$56.8 million (30 June 2021: net gain of HK\$0.5 million). The fair value loss of listed securities in Hong Kong included the fair value loss of Tencent Holdings Limited (Stock Code: 700) of HK\$27.6 million (30 June 2021: HK\$3.4 million), the fair value loss of Oshidori International Holdings Limited (Stock Code: 622) of HK\$22.1 million (30 June 2021: HK\$23.4 million).

Management Discussion and Analysis

Dividend income from listed equity securities increased to HK\$26.8 million (30 June 2021: HK\$20.8 million) for the current period and it was mainly due to a higher dividend received from China Telecom Corporation Limited (Stock Code: 728) of HK\$15.1 million (30 June 2021: HK\$5.9 million). Interest income from listed debt securities decreased to HK\$18.5 million (30 June 2021: HK\$49.2 million) for the current period because of the disposal of various listed debt securities in the second half of 2021. Interest income derived from interest-bearing instruments reduced to HK\$10.3 million (30 June 2021: HK\$18.0 million) for the current period as a result of net decrease in loan balances. The impairment loss on debt securities at FVOCI, interest bearing instruments and related interest receivables of HK\$5.7 million (30 June 2021: reversal of HK\$10.6 million), HK\$16.8 million (30 June 2021: HK\$21.5 million) and HK\$8.7 million (30 June 2021: Nil) were recognised in profit or loss for the current period respectively.

The financial assets measured at FVOCI recorded a net fair value loss of HK\$25.4 million in the fair value reserve for the current period (30 June 2021: loss of HK\$122.3 million), which comprised a net fair value loss on listed debt securities of HK\$28.5 million (30 June 2021: HK\$61.7 million) and a net fair value gain on listed equity securities of HK\$3.1 million (30 June 2021: net loss of HK\$60.6 million). The decrease in net fair value loss on listed debt securities measured at FVOCI for the current period was because of the disposal of various listed debt securities in the second half of 2021. The net fair value loss on listed equity securities measured at FVOCI for the period of 30 June 2021 was mainly attributable to the fair value loss on China Evergrande New Energy Vehicle Group Limited (Stock Code: 708) of HK\$70.5 million. Such investment had been disposed of in the second half of 2021 and thus no such fair value loss would be recorded for the current period.

Performance of other reportable segments for the first half of 2022

The motoring school operation recorded an operating income of HK\$240.2 million (30 June 2021: HK\$243.9 million). The drop was due to the decrease in income from non-motorcycle driving training courses over the increase in income from motorcycles driving training courses. Profit before tax from the motoring school operation increased to HK\$98.0 million (30 June 2021: HK\$93.2 million) as a result of a decrease in operating expenses during the current period.

The Group's share of profits of an associate, Western Harbour Tunnel Company Limited which operates Western Harbour Tunnel ("WHT"), decreased by 32.2 % to HK\$144.3 million as compared to HK\$212.8 million in the last corresponding period. Toll revenue of WHT decreased by 15.6% to HK\$665.0 million as compared to HK\$788.1 million in the last corresponding period, because of the decrease in traffic volume of the tunnel by 16.8%. Lower traffic was mainly due to the negative impact of the fifth wave of local outbreak of COVID-19 in the first half of 2022.

The Group's share of profits of a joint venture, Autotoll (BVI) Limited, which operates electronic toll collection system, provision of telematics services, intelligent transport and surveillance system solutions and smart city service solutions, was HK\$11.6 million for the first half of 2022 against HK\$12.3 million recorded in the last corresponding period. The drop was the result of an increase in operating expenses during the period.

(II) Treasury Investments and Significant Investments Held

As at 30 June 2022, the Group maintained an investment portfolio with a carrying amount of HK\$4,409.7 million (31 December 2021: HK\$4,310.2 million). The portfolio composed of HK\$2,950.6 million (31 December 2021: HK\$2,822.2 million) unlisted fund investments, HK\$1,298.0 million (31 December 2021: HK\$1,187.8 million) listed and unlisted equity securities, HK\$83.2 million (31 December 2021: HK\$105.6 million) listed debt securities, HK\$73.9 million (31 December 2021: HK\$190.7 million) interest-bearing instruments, and HK\$4.0 million (31 December 2021: HK\$3.9 million) other financial assets measured at FVPL. Certain securities were pledged to a financial institution to secure margin and securities facilities granted to the Group in respect of securities and derivatives transactions. As at 30 June 2022 and 31 December 2021, these facilities were not utilised by the Group.

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

	1 January 2022	Addition	Disposal	Fair value change in OCI	Fair value change in profit and loss/ECL	30 June 2022
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Financial assets measured at FVOCI						
- Listed equity securities	59.9	—	—	3.1	—	63.0
- Listed debt securities	103.0	13.1	—	(28.5)	(5.8)	81.8
Financial assets measured at FVPL						
- Unlisted fund investments	2,822.2	477.0	(83.9)	—	(264.7)	2,950.6
- Listed equity securities	1,044.0	284.3	(48.1)	—	(129.7)	1,150.5
- Unlisted equity security	83.9	—	—	—	0.6	84.5
- Listed debt security	2.6	—	—	—	(1.2)	1.4
- Others	3.9	—	—	—	0.1	4.0
	3,956.6	761.3	(132.0)	—	(394.9)	4,191.0
Financial assets measured at amortised cost						
- Interest-bearing instruments	190.7	—	(100.0)	—	(16.8)	73.9
	<u>4,310.2</u>	<u>774.4</u>	<u>(232.0)</u>	<u>(25.4)</u>	<u>(417.5)</u>	<u>4,409.7</u>

The aggregate value of the investment portfolio increased by HK\$99.5 million during the period.

Additions of financial assets during the period totalled HK\$774.4 million, including investments in 26 unlisted funds amounted to HK\$477.0 million, investments in 11 listed equity securities amounted to HK\$284.3 million, and investment in a listed debt security amounted to HK\$13.1 million.

Disposals of financial assets during the period totalled HK\$232.0 million, including divestments of an interest-bearing instrument amounted to HK\$100.0 million, divestments of 7 unlisted funds amounted to HK\$83.9 million, and divestments of 3 listed equity securities amounted to HK\$48.1 million.

Other movements in the investment portfolio during the period included net fair value loss on financial assets measured at FVOCI of HK\$25.4 million and net fair value loss on financial assets measured at FVPL of HK\$394.9 million.

Management Discussion and Analysis

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

Diversified Absolute Return Fund

Diversified Absolute Return Fund (“DARF”) is an unlisted fund managed by asset managers who applied various investment strategies to accomplish their respective investment objectives. The principal business of DARF is to invest for returns from capital appreciation and investment income, either through the use of special purpose vehicles or by investing directly. As at 30 June 2022, the Group held about 41,805 class A shares and 26,700 class E1 shares of DARF and recorded a fair value of HK\$718.8 million (31 December 2021: HK\$754.8 million) in respect of its holding in 31.2% of the shares of such investment, which exceeded the purchase cost of HK\$610.2 million for such investment and represented 9.0% of the Group's total assets and 16.3% of the aggregate fair value of the Group's investment portfolio. In terms of performance, a fair value loss of HK\$36.0 million on such investment was recognised in profit or loss for the period, as compared to a fair value gain of HK\$89.9 million recorded in last corresponding period. No distribution was received from such investment for the period (30 June 2021: nil).

Other than the significant investments mentioned above, the carrying amount of each of the financial assets of the Group's investment portfolio represented less than 5% of the Group's total assets as at 30 June 2022. Other financial assets composed of unlisted fund investments, listed and unlisted equity securities, listed debt securities and interest-bearing instruments (accounting for 50.7%, 29.4%, 1.9% and 1.7% of the carrying amount of the Group's investment portfolio respectively).

The Group invested in various unlisted fund investments with different focuses on industries, sectors, regions, and asset types, in order to achieve investment objectives of reducing investment concentration risk and to enhance returns for its shareholders. Apart from the significant unlisted fund investment mentioned above, the Group at 30 June 2022 held a total of 45 unlisted fund investments with an aggregate fair value of HK\$2,231.8 million (accounting for 27.8% of the Group's total assets) and their underlying investments include listed and unlisted equity securities, debt securities, structured products and venture capital deals in various regions, covering various industries and sectors including biopharmaceuticals, biotechnology, e-Commerce, healthcare and related services, information technology, industrials, enterprise software, and transportation.

Equity securities held by the Group at 30 June 2022 comprised a total of 35 listed and unlisted equity securities with an aggregate fair value of HK\$1,298.0 million (accounting for 16.2% of the Group's total assets) covering various industry sectors including telecommunications, information technology, e-Commerce, software, securities investment, asset management, financial services, port operation, property (development, investment and management), healthcare and related services, industrial and infrastructure. The listed equity securities are listed in various stock exchanges including Hong Kong, the United States, England, and Singapore.

Listed debt securities held by the Group at 30 June 2022 comprised a total of 2 listed bonds with an aggregate fair value of HK\$83.2 million (accounting for 1.0% of the Group's total assets) with coupon rates ranging from 12.0% to 12.375% per annum, and they are issued by Hong Kong listed companies or its subsidiaries primarily operating in the PRC real estate sector. After the period end, a listed bond with a coupon rate of 12.375% per annum has been restructured by the bond issuer, with a revised maturity date of 11 July 2025 and revised coupon rate of 6.5% or 7.5%.

The Group held a total of 4 interest-bearing instruments at 30 June 2022 with an aggregate carrying amount of HK\$73.9 million (accounting for 0.9% of the Group's total assets) and bearing interest at rates ranging from 7% to 12% per annum and with original maturities of 6 to 12 months. The aggregated principle and loss allowance of these interest-bearing instruments amounted to HK\$175.0 million and HK\$101.1 million respectively. Two interest-bearing instruments have been fully impaired on 30 June 2022 as they were overdue for more than one year.

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

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

(III) Liquidity and Financial Resources

As at 30 June 2022, the Group had bank balances and deposits in the amount of HK\$2,548.1 million (31 December 2021: HK\$2,805.9 million). The Group did not have any bank borrowings as at 30 June 2022 (31 December 2021: nil). The gearing ratio, if any, is calculated as the ratio of net bank borrowings to total equity. Except for the Group's bank deposits denominated in foreign currencies other than the United States dollars, the Group's major sources of income and major assets are denominated in Hong Kong dollars and United States dollars.

(IV) Comments on Segmental Information

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

(V) Employees

The Company and its subsidiaries has 677 employees. Employees are remunerated according to job nature and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. Apart from provident fund schemes and medical insurance, discretionary bonuses and employee share options will be awarded to employees of the Group at the discretion of the board of directors, depending upon the financial performance of the Group. Total staff costs for the current period amounted to HK\$124.0 million (30 June 2021: HK\$123.2 million).

Disclosure of Interests

Directors' and Chief Executive's Interests and Short Positions

The register kept by the Company under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") shows the following directors' interests and long positions in shares and/or in debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2022:

(a) Interests in the Company – Shares

Name of director	Capacity	No. of shares held	Total no. of shares held	Approximate % of interest
Cheung Chung Kiu	Interest of controlled corporation	258,415,585	258,415,585 ¹	69.33%
Wong Chi Keung	Beneficial owner	306,019	306,019	0.08%
Ng Kwok Fu	Beneficial owner	9,708	17,474	0.01%
	Interest of spouse	<u>7,766</u>		

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

Name of director	Capacity	No. of shares held	Total no. of shares held	Approximate % of interest
Cheung Chung Kiu	Interest of controlled corporation	2,724,239,906	2,724,239,906 ²	70.17%

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

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

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

Name of director	Capacity	Amount of debentures held	Amount of debentures in same class in issue
Cheung Chung Kiu	Beneficial owner	US\$50,000,000	US\$300,000,000
	Interest of controlled corporation	<u>US\$50,000,000⁴</u>	
		US\$100,000,000	

Notes:

- Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") was deemed to be interested in 258,415,585 shares in the Company by virtue of his indirect control of Rose Dynamics Limited ("Rose Dynamics") which owned those shares. Rose Dynamics was a wholly owned subsidiary of Windsor Dynasty Limited ("Windsor Dynasty"), a company wholly owned by Mr. C.K. Cheung.
- Mr. C.K. Cheung was deemed to be interested in 2,724,239,906 shares in C C Land Holdings Limited ("C C Land") by virtue of his indirect control of Fame Seeker Holdings Limited ("Fame Seeker") which owned those shares. Fame Seeker was a wholly owned subsidiary of Windsor Dynasty.
- Mr. C.K. Cheung was deemed to be interested in 1 share representing 50% interest in Instant Glory International Limited by virtue of his direct control of Victory Trend Holdings Limited which owned the share.
- Mr. C.K. Cheung was deemed to be interested in US\$50,000,000 of the US\$300,000,000 5.20% Guaranteed Notes due 2025 issued by Perfect Point Ventures Limited (an indirect wholly owned subsidiary of C C Land) by virtue of his indirect control of Able Profit Holdings Limited which owned those guaranteed notes. Able Profit Holdings Limited was a wholly owned subsidiary of CQ Investment Limited, and CQ Investment Limited was in turn a wholly owned subsidiary of CQ Group Holdings Limited (a company wholly owned by Mr. C.K. Cheung).

Save as disclosed herein, as at 30 June 2022, there were no other interests or short positions in shares and underlying shares and in debentures, of the Company, or of any of its associated corporations, recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Code for Securities Transactions by Directors adopted by the Company.

Share Options

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

No option lapsed and no option was granted, exercised or cancelled under the Scheme during the half-year period ended 30 June 2022. Nor were there any outstanding options with regard to the Scheme and any other schemes of the Company at the beginning and/or at the end of the period.

Other Persons’ Interests and Short Positions

As at 30 June 2022, the interests and long positions of other persons (not being directors or chief executives) in the shares of the Company recorded in the register kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Capacity	No. of shares held	Approximate % of interest
Windsor Dynasty	Interest of controlled corporation	258,415,585	69.33%
Rose Dynamics	Beneficial owner	258,415,585	69.33%

Note: Each parcel of 258,415,585 shares represents Rose Dynamics’ direct interest in the Company. Windsor Dynasty was deemed to be interested in those shares by virtue of its direct control of Rose Dynamics.

Apart from the above and Mr. C.K. Cheung’s interest already disclosed on page 37, there were no other interests or short positions in shares and underlying shares of the Company recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as at 30 June 2022.

Other Information

Corporate Governance Code

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

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

Model Code for Securities Transactions

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

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

Purchase, Sale or Redemption of Shares

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

Review by Audit Committee

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

Directors’ Information

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

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

Hong Kong, 23 August 2022