



CTF Services Limited

(Incorporated in Bermuda with limited liability)

Stock code: 659

Interim Report 2024-2025





Corporate Profile

Listed on The Stock Exchange of Hong Kong Limited, CTF Services Limited (the “Company” and its subsidiaries, collectively, “CTF Services” or the “Group”; Hong Kong Stock Code: 659) is a conglomerate with a diversified portfolio of market-leading businesses, predominantly in Hong Kong and the Mainland. The Group’s businesses include toll roads, insurance, logistics, construction and facilities management. Through the Group’s sustainable business model, it is committed to creating more value for all stakeholders and the community.

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Chairman's Statement

Dear Shareholders,

Stay the Course to Seize Progress and Opportunities for Sustainable Growth.

The Group remains resolute in its unwavering commitment to sharing success and prosperity with shareholders, steadfastly advancing towards sustainable growth. With an impressive track record of twenty-two consecutive years of dividend distribution, the Group's dedication is incontestable. Despite facing structural macroeconomic challenges, the Group's diversified and counter-cyclical businesses have consistently showcased exceptional resilience. Robust cash flow, driven by operational excellence and proactive capital management, has empowered the Group to uphold its sustainable and progressive dividend policy, even in a world rife with uncertainties.


The recent rebranding to CTF Services Limited marks a strategic alignment with, and the full support of, the Chow Tai Fook Group. Leveraging a diverse ecosystem, the Group is better positioned for the future and poised to create value for stakeholders.

Maximizing shareholder returns remains a key strategic priority for the Group, with continuous optimization of business portfolio at the forefront. This has yielded tangible benefits by reallocating capital to pursue ventures with growth potential and higher cash flow visibility through well-planned acquisitions under favourable circumstances. The divestiture of Free Duty business and Hyva Group has sharpened the Group's focus, enhanced operational efficiency, and unlocked value for stakeholders.

Set to officially open in the first quarter of 2025, Kai Tak Sports Park is poised to become Hong Kong's premier "Sportainment" landmark. Kai Tak Sports Park Limited, in which the Group holds a 25% interest, was awarded a 25-year contract by the Hong Kong government to design, build, and operate the Kai Tak Sports Park project in 2018. The Group is proud to have played a pivotal role in this project from its inception, beginning with the construction phase. Now equipped with state-of-the-art facilities for sports, entertainment, leisure, and shopping, Kai Tak Sports Park aligns with the Group's vision to *Foster Connectivity that Enables Our Community to Thrive*.

While the Group has now successfully achieved all targets set in the 2018 Sustainable Development Vision, and to further elevate ESG commitment, the Group has introduced "Breakthrough 2050", a new framework setting goals to address the evolving economic landscape. This initiative reaffirms dedication to enhancing business resilience and future readiness, positioning the Group to seize emerging opportunities and drive sustainable growth.

Looking ahead, the unwavering dedication of our experienced management team and colleagues, combined with the empowerment and support from our stakeholders, will enable the Group to transform challenges into opportunities. By devising agile yet prudent business strategies, the Group aims to deliver consistent and steadily growing returns, fostering growth and resilience across economic cycles.



Dr Cheng Kar Shun, Henry

Chairman

Hong Kong, 26 February 2025

Financial Highlights

	For the six months ended 31 December	
	2024 HK\$m	2023 HK\$m
Revenue	12,109.7	13,978.5
Profit attributable to shareholders of the Company	1,157.6	1,008.8
Attributable Operating Profit ⁽¹⁾	2,225.3	2,134.0
Adjusted EBITDA ⁽²⁾	3,556.8	3,727.3
Dividend per share		
— Interim ordinary dividend	HK\$0.30	HK\$0.30
— Special dividend	HK\$0.30	HK\$1.79
	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Total assets	161,677.7	155,083.7
Net assets ⁽³⁾	40,836.0	43,351.7
Net assets per share ⁽⁴⁾	HK\$10.22	HK\$10.84
Cash and bank balances	18,612.2	14,788.0
Net debt ⁽⁵⁾	16,083.5	15,107.4
Net gearing ratio ⁽⁶⁾	39%	35%

Remarks:

- (1) Attributable Operating Profit/(Loss) ("AOP"/"AOL") is a non-HKFRS measure used by the Executive Committee of the Company to assess the performance of the operating segments as detailed in note 4 to the condensed consolidated interim financial statements. The overall AOP of the Group represents the profit available for appropriation before non-operating and unallocated corporate office items. It may not be comparable to similar measures presented by other companies.
- (2) Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA", collectively "Adjusted EBITDA") is a non-HKFRS measure of the Group's operating profitability and calculated as operating profit excluding depreciation and amortization and other non-operating/non-cash items, plus dividends received from associated companies and joint ventures, and any other relevant adjustments. The calculation is set out on page 8 on this interim report. It may not be comparable to similar measures presented by other companies.
- (3) Total assets less total liabilities.
- (4) Net assets divided by number of issued shares at the end of the period/year.
- (5) The aggregate of borrowings and other interest-bearing liabilities less cash and bank balances.
- (6) Net debt divided by total equity.

Management Discussion and Analysis

BUSINESS REVIEW

Group overview

During the six months ended 31 December 2024 (the “Current Period”), the Group adeptly navigated a dynamic economic landscape, capitalizing on opportunities while addressing challenges. Despite market fluctuations, the Group achieved a 4% year-on-year uptick in overall AOP reaching HK\$2,225.3 million. This performance underscores our strong resilience and strategic focus. This increase in overall AOP was mainly attributable to (i) continued strong earnings growth of the Insurance segment; (ii) a substantial reduction in the AOL of Gleneagles Hospital Hong Kong (“GHK Hospital”); and (iii) increased AOP contributions from ATL Logistics Centre Hong Kong Limited (“ATL”) and China United International Rail Containers Co., Limited (“CUIRC”) within the Logistics segment. These positive factors were partly offset by (i) underperformance of Free Duty business (which the Group disposed of in the Current Period) and Hong Kong Convention and Exhibition Centre (“HKCEC”) within the Facilities Management segment; and (ii) a slight decline in the AOP of the Roads segment, mainly due to the expiration of concession period for Guangzhou City Northern Ring Road in March 2024.

The Group’s Operating Businesses, namely Roads, Insurance, Logistics, Construction and Facilities Management (excluding Free Duty business which has been disposed of), experienced steady growth as a whole, achieving a solid 8% year-on-year AOP increase in the Current Period. The Insurance segment and Logistics segment were the primary drivers of this growth, showcasing the resilience and quality of the Group’s business portfolio.

In addition to the growth in overall AOP of the Group’s businesses, there was a significant reduction in profit attributable to holders of perpetual capital securities following the redemption of the 5.75% senior perpetual capital securities (“2019 Perpetual Capital Securities”) with an outstanding principal amount of US\$1,019.1 million in January 2024 and the Group’s share of non-operating income from Goshawk Aviation Limited (“Goshawk”, a joint venture of the Group) resulting from the partial insurance settlements with its insurers over the loss of six aircraft. These positive factors were partly offset by higher net finance costs and net fair value loss on investment properties during the Current Period. Taking all these factors into account, profit attributable to shareholders of the Company increased robustly by 15% to HK\$1,157.6 million.

The Group continues to proactively refine its business portfolio by divesting stagnant assets. The successful sale of its Free Duty business in December 2024 marked a full exit from this sector. Additionally, the Group’s joint venture entity completed the disposal of its entire interests in Hyva III B.V. and its subsidiaries (“Hyva Group”) in January 2025. These strategic moves will enable the Group to recuperate cash for future acquisitions and allocate resources to segments with stronger growth prospects. The announced acquisition of Hsin Chong Aster Building Services Limited (“Hsin Chong Aster”), a leading contractor in electrical and mechanical (“E&M”) engineering services, is expected to be completed in the first quarter of 2025. This will strengthen CTFS Construction Group’s E&M capabilities, facilitating comprehensive, one-stop solutions for clients and thereby contributing to improved profitability.

During the Current Period, the Group's contribution from operations in Hong Kong accounted for 58% of its AOP (for the six months ended 31 December 2023 (the "Last Period"): 56%), while the Mainland contributed 39% of its AOP (Last Period: 43%). Adjusted EBITDA decreased by 5% year-on-year to HK\$3,556.8 million. Basic earnings per share was HK\$0.29 in the Current Period, reflecting a growth of 2% year-on-year.

The Group's average borrowing costs reduced to approximately 4.2% (Last Period: 4.8%) per annum for the Current Period. In view of the higher-for-longer interest rate environment for Hong Kong Dollar borrowings, the Group proactively managed its financing cost by using Renminbi ("RMB") debt with lower financing costs to replace a portion of offshore debt with higher financing costs. The RMB debt proportion rose to 63% of its total debt as at 31 December 2024, compared to 60% as at 30 June 2024 and 49% as at 31 December 2023. Furthermore, the ratio of RMB liabilities to RMB assets increased further to about 78% (30 June 2024: about 65%). As RMB-denominated debts serve as a natural hedge against the Group's RMB assets, this enables the Group to reduce substantially the negative impact on its equity resulting from potential further depreciation of the RMB against the Hong Kong Dollar. Net finance costs increased by 85% year-on-year in the Current Period due to an increase in net debt balance following the redemption of the 2019 Perpetual Capital Securities with an outstanding principal amount of US\$1,019.1 million in January 2024 and the special dividend payment in April 2024. On the other hand, profit attributable to holders of perpetual capital securities fell significantly by 65% during the Current Period and substantially offset the impact from higher net finance costs.

During the Current Period, the Group further enhanced its debt structure to navigate the volatile market environment. In August 2024, the Group issued US\$400 million 6.375% senior notes due 2028 at the issue price of 99.265%, thereby strengthening the debt profile by diversifying funding source and optimizing the maturity profile. As at 31 December 2024, the ratio of fixed-rate debt to total debt expanded to 68% from 54% as of 30 June 2024. In January 2025, the Group received the notice of acceptance of registration from the China Securities Regulatory Commission ("CSRC") and the Shanghai Stock Exchange for the registration of perpetual corporate bonds in an aggregate amount of up to RMB5.0 billion, to be issued in multiple tranches over two years. This will enable the Group to judiciously time the issuance of the perpetual corporate bonds in the Mainland in the near future.

In January 2025, the Company issued HK\$780 million 4% convertible bonds due July 2025 with the primary objective of restoring its public float to meet the minimum requirement of 25% as stipulated in Rule 8.08(1)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules"). The initial conversion price for the convertible bonds is HK\$8.043 per share, and the bonds are convertible into a maximum of 96,978,739 new shares upon conversion. Assuming full conversion of the bonds into new shares, the public float of the Company will increase from approximately 23.83% to approximately 25.64%.

As a result of the declaration of the Interim Ordinary Dividend and the Special Dividend (both as defined below), the conversion price for the convertible bonds will be adjusted from HK\$8.043 per share to HK\$7.39 per share on 22 March 2025 and hence the maximum number of new shares that will be issued by the Company upon full conversion of the convertible bonds will be 105,548,037 shares. For further details, please refer to the announcement of the Company entitled "Adjustment to Conversion Price of HK\$780,000,000 4.00 per cent. Convertible Bonds due 2025" dated 26 February 2025.

The Group adheres to prudent financial management and maintains robust credit ratings. In January 2025, China Lianhe Credit Rating Co., Ltd. (聯合資信評估股份有限公司) affirmed the credit rating of the Company at “AAA” with a stable outlook. Additionally, the Group was awarded the inaugural “A+” Foreign Currency Long-term Issuer Rating and “A+” Local Currency Long-term Issuer Rating with a stable outlook from Japan Credit Rating Agency, Ltd. in April 2024. These will facilitate the Group’s financing activities and cooperations with financial institutions and investors. The Group has also been exploring various sustainable, social and green finance options to demonstrate its commitment to Environmental, Social and Governance (“ESG”). As at 31 December 2024, the Group’s sustainability-linked and green facilities amounted to approximately HK\$15.5 billion (30 June 2024: approximately HK\$14.1 billion).

During the Current Period, the Group’s financial position remained healthy. Total available liquidity stood at approximately HK\$29.9 billion as at 31 December 2024, comprising cash and bank balances of approximately HK\$18.6 billion and unutilized committed banking facilities of approximately HK\$11.3 billion, far exceeded the short-term debts of approximately HK\$2.3 billion that come due in less than a year. The Group’s net debt balance edged up to approximately HK\$16.1 billion (30 June 2024: approximately HK\$15.1 billion), primarily attributable to the redemption of US\$268.2 million principal amount of perpetual capital securities during the Current Period. Net gearing ratio, calculated as net debt over total equity, rose slightly to 39% (30 June 2024: 35%).

The Group remained committed to its sustainable and progressive dividend policy in respect of the ordinary dividend, which aims to steadily increase or at least maintain the Hong Kong Dollar value of ordinary dividend per share in each financial year. The board of directors of the Company (the “Board”) has resolved to declare an interim ordinary dividend of HK\$0.30 per share for the Current Period (the “Interim Ordinary Dividend”) (Last Period: interim ordinary dividend of HK\$0.30 per share).

In addition to the cash proceeds from the disposal of Free Duty business and Hyva Group, up to the preceding day of this report, Goshawk has received an aggregate amount of approximately US\$145.2 million (equivalent to approximately HK\$1.1 billion), before professional fees incurred, upon completion of certain settlement procedures with the insurers over the loss of six aircraft, of which the Group is entitled to 50% of these insurance settlements. In light of these favorable developments, the Board has resolved to declare a special dividend of HK\$0.30 per share during the Board meeting held on 26 February 2025 (the “Special Dividend”). This decision underscores the Company’s commitment to creating value for shareholders and attests to its strong financial position. Including the Interim Ordinary Dividend and the Special Dividend, total interim dividend for the Current Period amounts to HK\$0.60 per share (“Total Interim Dividend”).

Profit Contribution

For the six months ended 31 December

	2024 HK\$m	2023 HK\$m
Attributable Operating Profit	2,225.3	2,134.0
<i>Non-operating items</i>		
Net loss on fair value of investment properties, net of tax	(89.7)	(22.4)
Impairments, remeasurement and provisions, net	(307.4)	(295.0)
Gain on disposal of a project	42.7	–
Share of non-operating income of a joint venture, net	81.1	–
Share-based payment	–	(44.4)
<i>Unallocated corporate office items</i>		
Net finance costs	(505.3)	(273.6)
Net exchange (loss)/gain	(0.5)	20.7
Expenses and others	(179.6)	(198.6)
	(958.7)	(813.3)
Profit for the period after tax and non-controlling interests⁽¹⁾	1,266.6	1,320.7
Profit attributable to:		
Shareholders of the Company	1,157.6	1,008.8
Holders of perpetual capital securities	109.0	311.9
	1,266.6	1,320.7

Note:

- (1) Reconciliation from Attributable Operating Profit to profit for the period after tax and non-controlling interests is set out in note 4 to the condensed consolidated interim financial statements.

Adjusted EBITDA

For the six months ended 31 December

	2024 HK\$m	2023 HK\$m
Operating profit	1,846.6	1,718.4
<i>Adjustments</i>		
Depreciation and amortization ⁽²⁾	903.2	892.3
Other non-operating/non-cash items		
Net loss on fair value of investment properties ⁽³⁾	223.2	48.4
Profit on disposal of assets held-for-sale ⁽³⁾	(42.7)	–
Impairment losses related to associated companies ⁽³⁾	–	179.9
Share-based payment ⁽⁴⁾	–	44.4
Dividends received from associated companies and joint ventures ⁽⁵⁾	581.0	743.4
Other adjustment ⁽⁶⁾	45.5	100.5
Adjusted EBITDA	3,556.8	3,727.3

Notes:

- (2) Being the sum of amortization of intangible assets and intangible concession rights as well as depreciation of property, plant and equipment and right-of-use assets as individually disclosed in note 5 to the condensed consolidated interim financial statements.
- (3) As disclosed in note 6 to the condensed consolidated interim financial statements.
- (4) As disclosed in note 5(a) to the condensed consolidated interim financial statements.
- (5) As disclosed in condensed consolidated statement of cash flows.
- (6) Adjustment is made to include dividends from joint ventures which were reinvested by the Group.

OPERATIONAL REVIEW

AOP Contribution by Segment

For the six months ended 31 December

	2024 HK\$'m	2023 HK\$'m
Roads	767.1	816.7
Insurance	614.3	413.0
Logistics	387.8	356.8
Construction	390.9	394.7
Facilities Management [#]	9.3	124.2
Strategic Investments	55.9	28.6
Total	2,225.3	2,134.0

[#] If excluding the divested Free Duty business, the Facilities Management segment reported an AOP of HK\$48.5 million in the Current Period, compared to an AOP of HK\$71.7 million in the Last Period.

Roads

The Group is currently managing fourteen toll roads projects in the following areas in the Mainland: Guangdong Province, Zhejiang Province, Tianjin Municipality, Shanxi Province, Hubei Province, Hunan Province and Guangxi Zhuang Autonomous Region under its Roads segment. During the Current Period, the resilient business performance of the Roads segment was bolstered by the strategic locations of the Group's road portfolio. Overall like-for-like average daily traffic flow increased by 2% year-on-year, while like-for-like average daily toll revenue saw a decline of 3% year-on-year. This was primarily caused by a rise in short-distance travelling traffic, coupled with a decrease in long-distance travelling traffic of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) following the opening of Shenzhen-Zhongshan Link in June 2024.

In the first half of financial year ending 30 June 2025 ("FY2025"), despite steady travel demand for the Group's expressways, the total AOP of the Roads segment declined by 6% year-on-year to HK\$767.1 million mainly due to the expiry of concession period for Guangzhou City Northern Ring Road in March 2024. The Group's major expressways, namely Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and the three expressways in Central region (namely Suiyuan Expressway, Sui-Yue Expressway and Changliu Expressway), contributed over 80% of the Roads segment's AOP. Like-for-like average daily traffic flow of these expressways grew by 3% year-on-year, while like-for-like average daily toll revenue decreased by 4% year-on-year.

During the Current Period, the Zhiyi West Lake Service Area on the Group's wholly owned Hangzhou Ring Road achieved the Platinum certification, the highest level of LEED certification, from the U.S. Green Building Council. This accomplishment made it the first service area in the Mainland to receive this prestigious recognition, highlighting the market's acknowledgement of its efforts. The Zhiyi West Lake Service Area has been thoughtfully designed with multifunctional features, including sustainable building practices, photovoltaic power generation, electric vehicle charging stations, water conservation system, and smart technology. These initiatives collectively reflect the Group's commitment to sustainable development.

As at 31 December 2024, the overall average remaining concession period of the Group's road portfolio was approximately 11.5 years. The expansion works of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Guangzhou-Zhaoqing Expressway have been underway since November 2022 and the end of 2023, respectively. The Group will be eligible to apply for extension of concession period upon expansion completion to lengthen the Group's average concession period.

Insurance

The Group's Insurance segment achieved an impressive 49% rise in AOP, reaching HK\$614.3 million in the Current Period. This remarkable growth is mainly driven by the increase in the Contractual Service Margin ("CSM") release owing to business growth. Supported by the profitable business growth and favourable economic movements, the CSM release surged by 52% year-on-year to HK\$570.2 million, while CSM balance, net of reinsurance, grew by 13% to approximately HK\$9.2 billion as of 31 December 2024 as compared to 30 June 2024. This will fuel profits to be booked over the contract period in the future.

Chow Tai Fook Life Insurance Company Limited ("CTF Life") experienced a 26% decline in overall Annual Premium Equivalent ("APE"), totalling HK\$1,547.4 million in the Current Period. This reduction is primarily attributed to the release of pent-up demand from Mainland Chinese visitors following the border reopening in the Last Period. Weaker performance in the partnership and premier business channels also led to this decline, although it was partially mitigated by robust performance from the agency channel. Mainland Chinese visitors accounted for approximately 57% (Last Period: 56%) of APE. The Value of New Business ("VONB") decreased by 22% to HK\$525.9 million in the Current Period, primarily due to slowdown in APE. To mitigate this effect, CTF Life has continued its existing initiatives to strengthen its agency force. These efforts have resulted in a significant improvement in agency productivity. There is also an expansion of the VONB margin (representing VONB as a percentage of APE) to 34% (Last Period: 32%) driven by effective capital management and product design catered specifically for the Hong Kong Risk Based Capital ("HKRBC") regime which was effective since July 2024. CTF Life's investment income from its fixed income portfolio further increased to 4.6% per annum in the Current Period (Last Period: 4.5%). In the first nine months of 2024, CTF Life's market position remained competitive, ranking 11th among Hong Kong life insurance companies by APE.

In response to the increasing demand for wealth management solutions, CTF Life proudly launched two innovative products in the first half of FY2025: the Prime Treasure Savings Insurance Plan and the MyWealth Savings Insurance Plan 2 ("MyWealth 2"). Both products provide guaranteed cash value accumulation, establishing a secure financial foundation. They include a "Policy Split Option" for flexible asset planning, and feature a "Dual Succession Scheme" that enables seamless wealth transfer across generations. "MyWealth 2" further enhances its offerings with a "Wealth Booster Option" for improved returns, alongside flexible "Wealth Accumulation Switching Options" and a "Currency Switching Option", granting our customers greater autonomy.

CTF Life's financial position remained robust during the Current Period. The solvency regime transitioned from the past Hong Kong Insurance Ordinance basis to HKRBC basis in the first half of FY2025. As at 31 December 2024, the HKRBC solvency ratio stood at 266%, which is distinctly higher than the minimum regulatory requirement of 100%. Embedded value increased by 11% from 30 June 2024 to HK\$23.5 billion as of 31 December 2024 contributed by expected return on embedded value, value brought from new business, and the transition of solvency regime to HKRBC basis since 1 July 2024 amid CTF Life's effective capital management. Moody's has continued to maintain the insurance financial strength rating of CTF Life at "A3/Stable", while Fitch Ratings has affirmed CTF Life's A- insurer financial strength rating with stable rating outlook.

During the Current Period, CTF Life garnered notable recognition for its innovative products and commitment to excellence across multiple categories. “FamCare 198” Critical Illness Protector was honored as a Top 3 Finalist in the Most Innovative Product/Service Award at the 2024 Hong Kong Insurance Awards. Furthermore, CTF Life proudly secured the Gold Award for Outstanding ESG (Non-Listed Company) at the 2023/2024 ESG Achievement Awards, marking its third consecutive year of recognition in this domain. CTF Life also received several awards and notable recognitions across various events, including the Spark Awards 2024. Additionally, CTF Life’s IT efforts were recognized in the Data — Insurance category at the Hong Kong Business Technology Excellence Awards 2024.

CTF Life also took a pioneering step as the first company from the banks, diverse financials and insurance sector focusing in the Greater Bay Area to commit to the Science Based Targets initiative (SBTi). This commitment represents a pivotal milestone in the dedication to combating climate change and fostering sustainability through science-based targets that support the Paris Agreement. By prioritizing the long-term value for its stakeholders, CTF Life is embracing sustainable growth that transcends traditional insurance offerings. The strategic transition towards net-zero emissions underscores CTF Life’s commitment to integrating ESG considerations into every facet of its operations and investment portfolio.

Logistics

The Logistics segment noted operational improvement during the Current Period. ATL achieved sustained growth, and CUIRC demonstrated a substantial surge, which was partially offset by a decline in profits from logistics properties in the Mainland. These collectively resulted in an overall increase in the Logistics segment’s AOP by 9% year-on-year, reaching HK\$387.8 million.

The Logistics Asset & Management portfolio consists of ATL in Hong Kong and seven logistics properties in the Mainland, with a gross leasable area of approximately 5.9 million square feet and 6.5 million square feet, respectively, as at 31 December 2024. ATL’s exceptional warehouse location and convenient facilities have established it as a best-in-class asset, consistently delivering resilient rental performance and maintaining high occupancy rates. As at 31 December 2024, ATL’s occupancy rate stood at a healthy level of 93.6% (30 June 2024: 96.3%), accompanied by a remarkable average rental growth of 10% year-on-year. Additionally, as at 31 December 2024, the average occupancy rate of six logistics properties in Chengdu and Wuhan was stable at 85.0% (30 June 2024: 85.4%), while the logistics property in Suzhou remained fully let (30 June 2024: 100.0%). Overall, the logistics properties in the Mainland experienced an average rental decline of 9% year-on-year, owing to rental adjustments aligned with prevailing market prices for tenancy renewals with short-term destocking pressures impacting pricing and occupancy rates in the near-term.

The burgeoning demand for multimodal transportation services and China-Europe Express Rail, augmented terminal capacity and an elevated necessity for ancillary logistics services have increasingly contributed to the success of CUIRC’s operation. During the Current Period, CUIRC recorded a strong year-on-year growth of 25% in AOP, with throughput increasing by 6% year-on-year to 3,485,000 TEUs. In response to the growing demand, CUIRC has been actively expanding the capacity of its terminal. The project to double the handling capacity of the Tianjin terminal is proceeding as planned and is expected to be completed in the first half of 2025.

Construction

The Construction segment of the Group was mainly represented by CTFS Construction Group, which comprises (i) Hip Hing Group, focusing on the design and construction of building works within the Hong Kong market; (ii) Vibro Group, the oldest foundation contractor in Hong Kong; and (iii) Quon Hing Group, one of the largest concrete products suppliers in Hong Kong. During the Current Period, CTFS Construction Group demonstrated resilience by maintaining a steady AOP of HK\$390.9 million, despite facing challenges from intense competition and rising material costs. Major projects undertaken by CTFS Construction Group during the Current Period included residential development at Kai Tak, commercial development in Causeway Bay and residential development at Yin Ping Road, Tai Wo Ping.

As at 31 December 2024, the gross value of contracts on hand was approximately HK\$48.9 billion, while the remaining works to be completed was HK\$28.3 billion. To mitigate the impact from the slowdown in the private sector of the Hong Kong property market, CTFS Construction Group has strategically shifted its focus towards procuring projects from institutional clients as well as the Hong Kong Government. As of 31 December 2024, about 53% of the remaining works to be completed were from government and institutional related projects, a significant increase from 34% as of 31 December 2023. Conversely, the proportion of private-sector projects (including commercial and residential) was down from 66% to 47%. During the Current Period, CTFS Construction Group secured approximately HK\$4.5 billion in new contracts, including, but not limited to, excavation and lateral support works (stages 1 & 2) for the integrated basement and underground road in zones 2A, 2B & 2C of The West Kowloon Cultural District, foundation, excavation and lateral support, pile cap and basement slab works for New Kowloon Inland Lot No. 6590, Kai Tak, Area 2A Site 3, and residential redevelopment at No. 30, 34, 36 & 38 Magazine Gap Road (Mansion C superstructure).

Hip Hing Group's technological proficiency has been recognized globally, with its Kai Tak Sports Park ("KTSP") project winning the Design for Buildings category at the buildingSMART openBIM Awards 2024, selected from among 164 submissions worldwide. This accolade underscores the project's exceptional use of openBIM in the built asset industry. Additionally, the project secured a runner-up position in the Construction for Buildings category, highlighting its innovative design and cutting-edge engineering achievements.

Facilities Management

The Facilities Management segment, excluding Free Duty business which was divested during the Current Period, reported an AOP of HK\$48.5 million in the Current Period, compared to an AOP of HK\$71.7 million in the Last Period. GHK Hospital demonstrated considerable improvement, with a significantly reduced AOL compared to the Last Period, contributing positively to the segment. However, this was partially offset by subdued food and beverage revenue at HKCEC, resulting from reduced banquet events amid a sluggish economy, and KTSP remaining in its pre-operational phase. Divestment of the Free Duty business, which recorded an AOP of HK\$52.5 million in the Last Period but shifted to an AOL of HK\$39.2 million in the Current Period, is expected to enhance the Facilities Management segment's future profitability.

Driven by its premier healthcare service and enhanced reputation, GHK Hospital has shown consistent progress during the Current Period. This advancement is evidenced by the increase in the number of inpatients, outpatients and day cases by 2%, 5% and 28% year-on-year, respectively. Consequently, revenue demonstrated a stable growth and AOL further narrowed in the Current Period. EBITDA surged by 35% year-on-year, with the EBITDA margin continuing to grow. As at 31 December 2024, the number of regularly utilized beds remained at 313 (30 June 2024: 313), and the average occupancy rate stood at 64% (30 June 2024: 65%).

To support GHK Hospital's development, additional ancillary healthcare services have been introduced, facilitating seamless patients referrals. In November 2024, the Group's business venture with IHH Healthcare Berhad, namely, Parkway Medical Services (Hong Kong) Limited ("Parkway Medical"), opened a new clinic on Western District of Hong Kong Island, offering comprehensive primary healthcare services, including general outpatient consultations, health screenings, vaccinations and traditional Chinese medicine services such as internal medicine, acupuncture and bone-setting. In September 2024, the Gleneagles Primo Surgical Centre was launched in Central, providing diagnostic and treatment services for head, neck and breast-related diseases, as well as minor surgical procedures. These expansions, alongside Gleneagles Healthcare Wong Chuk Hang Hong Kong, Gleneagles Healthcare South Horizons Hong Kong, Gleneagles Medical Clinic Central Hong Kong, Gleneagles Pro-HEART Cardiac Centre and Parkway Laboratory Services Central Hong Kong, collectively form a robust service network for GHK Hospital. Additionally, GHK Hospital unveiled the first private hospital clinical trials centre in Hong Kong in September 2024, in partnership with the Faculty of Medicine of The University of Hong Kong. This centre focuses on conducting clinical research on treatments, procedures, drugs, vaccines and medical devices, with an initial emphasis on oncology. It marked an important step in GHK Hospital's commitment to advancing medical research and patient care.

HKCEC has been focusing on attracting a diverse range of exhibitions and events to be held in Hong Kong, augmented by the return of international and regional activities, along with new events. In the Current Period, total patronage grew by 9% year-on-year, reaching approximately 4.6 million under 426 events hosted by HKCEC.

Kai Tak Sports Park Limited ("KTSP"), in which the Group holds a 25% interest, was awarded a 25-year Design-Build-and-Operate (DBO) contract by the Hong Kong government for the KTSP project in end-2018. KTSP features state-of-the-art venues and facilities designed to host large-scale vibrant events, enhance community engagement and boost Hong Kong's mega event economy. The retail mall spanning nearly 700,000 square feet across three main buildings within KTSP now features over 30 leading sports brands and a total of 70 restaurants. During the Current Period, KTSP remained in its pre-operational phase.

The Group completed the disposal of its entire stake in Free Duty business during the Current Period, marking a full exit from all investments in duty free-related businesses.

Strategic Investments

This segment includes investments with strategic value to the Group and with growth potential, which will enhance and create value for our shareholders. In the Current Period, AOP grew remarkably by 95% to HK\$55.9 million (Last Period: HK\$28.6 million), which mainly comprised the share of results, net fair value change, interest and dividend income from a range of investments. The respectable increase in AOP was mainly attributable to the positive contributions from certain businesses with improvement in operating performance within the segment as well as the decrease in expected credit loss provision recorded.

To demonstrate the Group's commitment to optimizing its business portfolio and unlocking value for shareholders, the Group's joint venture entity completed the disposal of its entire interests in Hyva Group, along with the Group's shareholder loan, to Jost-Werke International Beteiligungsverwaltung GmbH in January 2025. The enterprise value of Hyva Group under the disposal amounted to US\$425 million, with the Group's share of net proceeds of approximately HK\$1.2 billion. The Group's share of remeasurement loss of HK\$319.9 million arising from the disposal of this legacy project was recorded in the Current Period as a non-operating item.

BUSINESS OUTLOOK

Roads

The government of the People's Republic of China ("PRC") has proposed multiple easing policies to stimulate domestic demand. While the anticipated macroeconomic rebound may fuel the resurgence of truck traffic and support the ongoing recovery of passenger car traffic, the toll road sector still faces uncertainties, which may lead to unpredictable revenue volatilities. Looking ahead, the Group will maintain agility and efficiency in daily operations, closely monitoring market trends while navigating potential difficulties.

Insurance

As CTF Life embarks on its rebranding journey, the company anticipates increasing synergies within the Chow Tai Fook Group. This collaboration is expected to foster integrated development across various sectors, particularly through strategic partnerships that leverage the strengths of the Chow Tai Fook Group's diverse businesses. Alongside the new brand, the "CTF Life CIRCLE" membership programme was launched to fully embody the brand promise. It offers "diverse experience", "lifestyle privileges" and access to the Chow Tai Fook Group's "membership alliance", providing customers and their families with exceptional lifestyle experiences. Members can enjoy exclusive offers across the Chow Tai Fook Group's extensive portfolio, including hotel accommodation, retail, food & beverage, education, healthcare services and more.

In addition, CTF Life will continue to bolster its agency force, enhance its distribution capabilities and expand its market reach. This strategy includes augmenting the number of agents who can sell higher-margin products, boosting agency productivity and diversifying the backgrounds of its agents. CTF Life strives to continue improving on customer engagement and service delivery. Strengthening the agency network will ensure its competitive edge in the evolving insurance landscape.

To meet the rising demand for healthcare safeguards and investment products with death protection, CTF Life has introduced the "ChampCare" Medical Insurance Plan (VHIS) ("ChampCare") and the "We Shine" Protection Linked Plan (ILAS) in January 2025. In addition to providing tax deduction benefits, "ChampCare" fully covers eligible medical expenses under key basic benefit items, ensuring that treatment is not hindered by inadequate group medical coverage or personal financial constraints. It also offers a comprehensive array of thoughtfully designed enhanced benefits, promoting the overall protection of both physical and mental well-being.

As CTF Life steps into its 40th anniversary, the company remains committed to innovation and excellence, positioning itself for sustained growth and profitability in the years to come. The alignment with Chow Tai Fook Group's initiatives, along with an increased agency force, sets a promising trajectory for the wealth management business, enabling CTF Life to deliver exceptional value to its stakeholders. In line with this, the Group will also leverage on its life insurance business to expand as a holistic wealth management platform, offering a more comprehensive suite of services.

Logistics

ATL will continue to surpass the competition and maintain its preeminent position by leveraging its superior warehouse facilities and unparalleled location. The solid demand for ATL is non-discretionary, as it mainly serves as a distribution hub for the major retailers and the third-party logistics in Hong Kong.

The logistics industry plays a pivotal role in the Mainland economy. Fuelled by sustained demand in e-commerce, ongoing consumption recovery, continued export activities and favourable governmental policies, the Mainland logistics industry is poised for sustainable development in the medium term. Business customers increasingly prioritize logistics service quality and reliability. The competitive landscape is transitioning from a focus on cost-cutting to the provision of integrated, high-standard logistics services, which the Group strives to provide. The Group has been vigilant in exploring price dislocation of logistics assets in the Mainland that may provide above-average risk-adjusted returns from a low valuation point, particularly targeting high-standard logistics warehouses in strategic locations within the Greater Bay Area, to cultivate an ecosystem within the Logistics segment and bolster recurring cash flow.

Supply chain reconfiguration and the need for efficient distribution networks will continue to serve as a fundamental cornerstone of the Group's Logistics segment, buoyed by the desirable locations of the Group's logistics properties in the strategic hubs of Hong Kong, Chengdu, Wuhan and Suzhou.

In November 2024, the government of the PRC unveiled reforms to the comprehensive transportation system aimed at reducing the logistics costs across society and improving economic efficiency. These reforms include further optimization of the freight transportation structure and an increase in the proportion of railway freight volume and railway freight turnover. This initiative is expected to secure robust demand and a promising outlook for CUIRC.

Construction

The Hong Kong Government's development initiative of the Northern Metropolis in the coming decade aims to create a new economic growth engine and address land shortages. The Northern Metropolis's total land area of approximately 30,000 hectares will potentially house up to 2.5 million residents, indicating a sustained demand for building construction projects in the medium to long term, which will benefit CTFS Construction Group.

With its proven track record and technical expertise, CTFS Construction Group is well positioned to stand out from the competition to secure new projects. The Group's continuous efforts in optimizing building procedures and adopting technologies like Building Information Modelling (BIM) will further improve efficiency and mitigate cost pressures.

Additionally, the upcoming completion of the acquisition of Hsin Chong Aster, an E&M engineering specialist, will strengthen CTFS Construction Group's competitive position. This acquisition will enable the delivery of comprehensive solutions that align with the growing demand for integrated construction services in Hong Kong in a more cost-efficient manner.

Facilities Management

The Group remains confident in the future of the Facilities Management segment. The Chief Executive's 2024 Policy Address introduced the Incentive Scheme for Recurrent Exhibitions 2.0, with an additional HK\$500 million allocated to support new and international exhibitions of large scale. This initiative aims to boost the mega-event economy and the convention and exhibition industry. HKCEC will capitalize on this opportunity by consistently delivering exceptional customer service through its world-class facilities. By leveraging emerging technologies and innovative event formats, HKCEC aims to enhance attendee engagement and bolster Hong Kong's international image.

GHK Hospital's operational and financial metrics are on an upward trajectory. It continues to elevate service quality and strengthen its brand reputation through a meticulously curated set of strategic initiatives aimed at attracting a broader patient demographic. By leveraging innovation and cutting-edge technology, GHK Hospital is poised to introduce sophisticated medical systems and state-of-the-art robotic surgical systems to significantly enhance clinical outcomes. Additionally, Parkway Medical is set to grow its service network by inaugurating more clinics and centres at selected locations across the city. A hallmark of this expansion is the forthcoming ambulatory care centre, which will provide an array of services, including day surgeries, oncology services and endoscopic procedures, with a grand opening anticipated by the end of 2025.

KTSP is on track for its official opening in early 2025, with a promising outlook ahead. KTSP will become a vital part of Hong Kong's event landscape. The KTSP stadium will serve as a key venue for both local and international events, contributing to Hong Kong's economic growth. Notable events already confirmed include the World Grand Prix 2025, Hong Kong Rugby Sevens, concerts by internationally renowned superstars, and the 15th National Games of the PRC. Additional events in the pipeline promise a dynamic calendar ahead. These events will draw large crowds and fans from overseas, engaging the community as well as bringing benefits to surrounding businesses. The Group is dedicated to enhancing its operations, optimizing venue usage and leasing strategies, which should lead to progressively improving financial results in the future.

LOOKING FORWARD

The Group remains steadfast in its commitment to prudent capital and cash flow management, ensuring a healthy liquidity profile. We will continue to rigorously evaluate, while maintaining a disciplined approach, compelling investment opportunities in logistics and wealth management businesses arising from market challenges. This strategy aims to enhance long-term growth prospects and further strengthen the quality of our business portfolio.

Operational excellence across our diversified portfolio remains a cornerstone of our strategy, providing foundational strength to safeguard cash flow resilience and solid performance. This resilience supports our sustainable and progressive dividend policy, even amidst market volatilities. Our focus on the interests of our stakeholders and creating value over economic cycles is unwavering, underpinned by a stringent risk management policy.

As the market landscape evolves rapidly, the Group will stay vigilant, agile, and adaptive to navigate risks and seize opportunities. This proactive approach ensures sustainable growth and enhances value for our stakeholders.

Independent Auditor's Review Report



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF CTF SERVICES LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial statements set out on pages 18 to 60, which comprise the condensed consolidated statement of financial position of CTF Services Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2024 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising material accounting policy information and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements 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 of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim financial statements based on our review 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 interim financial statements consists of making inquiries, 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 statements of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 February 2025

Condensed Consolidated Income Statement

(Unaudited)
For the six months ended
31 December

	Note	2024 HK\$m	2023 HK\$m
Revenue			
Non-insurance		10,120.8	12,361.6
Insurance		1,988.9	1,616.9
	4	12,109.7	13,978.5
Cost of sales	5, 7	(8,770.6)	(10,804.4)
Insurance service expenses	5	(1,420.7)	(1,253.1)
Net (expenses)/income from reinsurance contracts held		(18.9)	79.5
Insurance finance expenses		(890.5)	(1,332.9)
Other income and gains, net	6	1,329.7	1,625.4
Selling and marketing expenses	5	(85.7)	(84.5)
General and administrative expenses	5	(406.4)	(490.1)
Operating profit	5	1,846.6	1,718.4
Finance costs		(727.2)	(537.5)
Share of results of			
Associated companies		111.1	43.3
Joint ventures		357.8	475.5
Profit before income tax		1,588.3	1,699.7
Income tax expenses	8	(323.3)	(359.6)
Profit for the period		1,265.0	1,340.1
Profit/(loss) attributable to			
Shareholders of the Company		1,157.6	1,008.8
Holders of perpetual capital securities		109.0	311.9
Non-controlling interests		(1.6)	19.4
		1,265.0	1,340.1
Basic and diluted earnings per share attributable to shareholders of the Company	9	HK\$0.29	HK\$0.28

Condensed Consolidated Statement of Comprehensive Income

	(Unaudited)	
	For the six months ended	
	31 December	
	2024	2023
	HK\$m	HK\$m
Profit for the period	1,265.0	1,340.1
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
Net fair value change on equity instruments as financial assets at fair value through other comprehensive income ("FVOCI")	(80.9)	(92.5)
Remeasurement of post-employment benefit obligation	0.5	0.3
Items that have been reclassified/may be subsequently reclassified to profit or loss		
Net fair value change on debt instruments as financial assets at FVOCI and other net movement	7.6	230.8
Release of reserve upon disposal of debt instruments as financial assets at FVOCI	66.9	(3.0)
Share of other comprehensive loss of associated companies and a joint venture	(1.2)	(4.9)
Cash flow hedges	(113.6)	(54.3)
Net insurance finance (expenses)/income	(2.3)	49.6
Currency translation differences	(66.8)	174.5
Other comprehensive (loss)/income for the period, net of tax	(189.8)	300.5
Total comprehensive income for the period	1,075.2	1,640.6
Total comprehensive income/(loss) attributable to		
Shareholders of the Company	967.9	1,308.2
Holders of perpetual capital securities	109.0	311.9
Non-controlling interests	(1.7)	20.5
	1,075.2	1,640.6

Condensed Consolidated Statement of Financial Position

		(Unaudited) As at 31 December 2024 HK\$'m	(Audited) As at 30 June 2024 HK\$'m
	Note		
ASSETS			
Intangible assets	10	5,977.3	5,928.8
Intangible concession rights	11	11,537.3	12,226.1
Investment properties	12	5,229.1	5,479.1
Property, plant and equipment	13	1,203.6	1,252.2
Right-of-use assets		895.2	974.4
Associated companies	14	4,646.7	4,540.3
Joint ventures	15	17,310.2	17,403.8
Insurance contract assets	24	1,252.0	548.3
Reinsurance contract assets	24	68.9	221.2
Debt instruments as financial assets at amortized cost	16	1,390.4	1,391.4
Financial assets at FVOCI	17	12,721.2	11,624.4
Financial assets at fair value through profit or loss ("FVPL")	18	62,566.1	59,746.6
Derivative financial instruments		211.6	367.2
Inventories		21.2	18.4
Trade and other receivables	19	9,004.0	9,158.9
Investments related to unit-linked contracts	20(a)	9,030.7	9,041.3
Cash and bank balances		18,612.2	14,788.0
Assets held-for-sale		–	373.3
Total assets		161,677.7	155,083.7

Condensed Consolidated Statement of Financial Position

		(Unaudited) As at 31 December 2024 HK\$m	(Audited) As at 30 June 2024 HK\$m
	Note		
EQUITY			
Share capital	21	3,997.5	3,997.5
Reserves	22	34,472.1	34,898.7
Shareholders' funds		38,469.6	38,896.2
Perpetual capital securities	23	2,349.1	4,436.4
Non-controlling interests		17.3	19.1
Total equity		40,836.0	43,351.7
LIABILITIES			
Deferred tax liabilities		1,191.0	1,266.5
Insurance contract liabilities	24	69,322.6	64,565.9
Reinsurance contract liabilities	24	21.8	55.5
Financial liabilities related to unit-linked contracts	20(b)	3,994.4	4,188.8
Borrowings and other interest-bearing liabilities	25	34,695.7	29,895.4
Derivative financial instruments		684.1	384.9
Trade and other payables	26	9,964.8	9,699.2
Lease liabilities		656.4	738.9
Taxation		310.9	570.9
Liabilities directly associated with assets held-for-sale		–	366.0
Total liabilities		120,841.7	111,732.0
Total equity and liabilities		161,677.7	155,083.7

Condensed Consolidated Statement of Changes in Equity

		(Unaudited)							
		For the six months ended 31 December 2024							
HK\$'m	Note	Shareholders' funds					Perpetual capital securities	Non-controlling interests	Total
		Share capital	Share premium	Revenue reserve	Other reserves	Total			
As at 30 June 2024 and 1 July 2024		3,997.5	18,303.6	14,464.5	2,130.6	38,896.2	4,436.4	19.1	43,351.7
Total comprehensive income/(loss) for the period		-	-	1,158.1	(190.2)	967.9	109.0	(1.7)	1,075.2
<i>Transactions with owners</i>									
Dividend paid to Shareholders of the Company	22, 27	-	-	(1,399.1)	-	(1,399.1)	-	-	(1,399.1)
Non-controlling interests		-	-	-	-	-	-	(0.1)	(0.1)
Distribution to perpetual capital securities holders		-	-	-	-	-	(104.3)	-	(104.3)
Share of reserve of an associated company		-	-	4.6	-	4.6	-	-	4.6
Redemption of perpetual capital securities	23	-	-	-	-	-	(2,092.0)	-	(2,092.0)
Transfer of reserves	22	-	-	(384.3)	384.3	-	-	-	-
Total transactions with owners		-	-	(1,778.8)	384.3	(1,394.5)	(2,196.3)	(0.1)	(3,590.9)
As at 31 December 2024		3,997.5	18,303.6	13,843.8	2,324.7	38,469.6	2,349.1	17.3	40,836.0

Condensed Consolidated Statement of Changes in Equity

(Unaudited)									
For the six months ended 31 December 2023									
HK\$m	Note	Shareholders' funds					Perpetual capital securities	Non- controlling interests	Total
		Share capital	Share premium	Revenue reserve	Other reserves	Total			
As at 1 July 2023		3,910.5	17,817.0	22,133.7	1,755.9	45,617.1	10,353.6	50.8	56,021.5
Total comprehensive income for the period		–	–	1,009.1	299.1	1,308.2	311.9	20.5	1,640.6
<i>Transactions with owners</i>									
Dividend paid to									
Shareholders of the Company	27	–	–	(1,212.7)	–	(1,212.7)	–	–	(1,212.7)
Non-controlling interests		–	–	–	–	–	–	(0.1)	(0.1)
Distribution to perpetual capital securities holders		–	–	–	–	–	(323.8)	–	(323.8)
Share options									
Value of services provided		–	–	–	44.4	44.4	–	–	44.4
New shares issued		1.4	9.8	–	–	11.2	–	–	11.2
Share of reserve of a joint venture		–	–	–	(35.2)	(35.2)	–	–	(35.2)
Derecognition of perpetual capital securities as equity		–	–	102.7	–	102.7	(8,242.5)	–	(8,139.8)
Transfer of reserves		–	–	89.3	(89.3)	–	–	–	–
Total transactions with owners		1.4	9.8	(1,020.7)	(80.1)	(1,089.6)	(8,566.3)	(0.1)	(9,656.0)
As at 31 December 2023		3,911.9	17,826.8	22,122.1	1,974.9	45,835.7	2,099.2	71.2	48,006.1

Condensed Consolidated Statement of Cash Flows

(Unaudited)
For the six months ended
31 December

	Note	2024 HK\$m	2023 HK\$m
Cash flows from operating activities			
Net cash generated from operations	30(a)	5,013.0	6,646.6
Finance costs paid		(660.8)	(458.4)
Interest received		1,644.0	1,371.1
Dividends received from financial assets in relation to insurance business and investments related to unit-linked contracts		319.5	208.7
Hong Kong profits tax paid		(391.5)	(345.3)
The Mainland and overseas taxation paid		(243.5)	(276.3)
Net cash generated from operating activities before net purchase of financial assets in relation to insurance business		5,680.7	7,146.4
Purchases of financial assets in relation to insurance business		(24,176.7)	(30,790.9)
Disposal of financial assets in relation to insurance business		20,085.6	23,414.1
		(4,091.1)	(7,376.8)
Net cash generated from/(used in) operating activities		1,589.6	(230.4)
Cash flows from investing activities			
Dividends received from associated companies and joint ventures		581.0	743.4
Decrease/(increase) in investments in and advances to associated companies		305.6	(26.2)
(Increase)/decrease in investments in and advances to joint ventures		(123.2)	60.0
Disposal of subsidiaries, net of cash disposed of	30(b)	214.4	–
Proceeds received from disposals of interests in subsidiaries and associated companies		115.0	6.3
Additions of intangible assets, intangible concession rights and property, plant and equipment		(216.7)	(254.1)
Purchases of debt instruments as financial assets at amortized cost		–	(49.9)
Purchases of financial assets at FVPL		(189.1)	(217.0)
Disposal of debt instruments as financial assets at amortized cost		–	39.0
Disposal of financial assets at FVOCI		20.0	–
Disposal of financial assets at FVPL		0.7	46.6
Settlement of derivative financial instruments		9.7	9.5
Dividends received from financial assets at FVOCI and financial assets at FVPL		–	1.9
Others		20.7	(4.3)
Net cash generated from investing activities		738.1	355.2

Condensed Consolidated Statement of Cash Flows

		(Unaudited) For the six months ended 31 December	
	Note	2024 HK\$m	2023 HK\$m
Cash flows from financing activities			
Issuance of new shares from share options exercised		–	11.2
New bank loans and other borrowings		5,940.9	5,140.9
Issuance of fixed rate bonds	25(b)	3,074.1	2,137.6
Repayment of bank loans and other borrowings		(4,005.8)	(4,947.6)
Repayment of financing received under a financial reinsurance arrangement		(155.7)	(41.8)
Settlement of derivative financial instruments		261.5	–
Distribution to perpetual capital securities holders		(104.3)	(323.8)
Redemption of perpetual capital securities	23	(2,092.0)	–
Capital elements of lease liabilities payments		(123.2)	(125.7)
Dividend paid to shareholders of the Company	27	(1,399.1)	(1,212.7)
Dividend paid to non-controlling interests		(0.1)	(0.1)
(Decrease)/increase in cash collateral received from counterparties		(1.6)	3.6
Net cash from financing activities		1,394.7	641.6
Net increase in cash and cash equivalents		3,722.4	766.4
Cash and cash equivalents at the beginning of the period		14,950.7	19,257.9
Currency translation differences		(29.6)	55.4
Cash and cash equivalents at the end of the period		18,643.5	20,079.7
Analysis of cash and cash equivalents			
Cash and bank balances		18,612.2	20,070.5
Cash and bank balances attributable to investments related to unit-linked contracts	20(a)	44.2	22.9
Time deposits with original maturity more than three months		(12.9)	(13.7)
		18,643.5	20,079.7

Notes to Condensed Consolidated Interim Financial Statements

1. GENERAL INFORMATION

CTF Services Limited (formerly known as “NWS Holdings Limited”) is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries include the development of, investment in and/or operation of toll roads, insurance, logistics, construction and facilities management businesses.

The Company has its listing on the Main Board of the Hong Kong Stock Exchange.

The unaudited condensed consolidated interim financial statements (the “interim financial statements”) were approved for issuance by the Board on 26 February 2025.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix D2 of the Listing Rules. The interim financial statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2024 (“FY2024”).

The accounting policies used in the preparation of the interim financial statements are consistent with those set out in the annual report for FY2024 except as described in note 2(a) below.

(a) Adoption of amendments to standards and interpretation

During the Current Period, the Group has adopted the following amendments to standards and interpretation which are relevant to the Group’s operations and are mandatory for FY2025:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of the amendments to standards and interpretation does not have significant effect on the results and financial position of the Group.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) Standards and amendments to standards which are not yet effective

The following new standards and amendments to standards are mandatory for accounting period beginning on or after 1 July 2025 or later periods but which the Group has not early adopted:

HKAS 21 (Amendments)	Lack of Exchangeability
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 18	Presentation and Disclosure in Financial Statements
HKFRS 19	Subsidiaries without Public Accountability: Disclosures
HKFRSs Amendments	Annual Improvements to HKFRS Accounting Standards — Volume 11

The Group has commenced the assessment on the impact of adoption of the new standards and amendments to standards, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

3. FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION

(a) Financial and insurance risks

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group is also exposed to insurance risk relating to the activities of its insurance business.

The interim financial statements do not include all financial and insurance risks management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's FY2024 annual financial statements.

There has been no significant change in any risk management policies since the last year end.

(b) Fair value estimation

The carrying amounts and fair value disclosures of the financial instruments of the Group are as follows:

- (i) Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. Unlisted investments are stated at fair values based on quoted market price or estimated using other prices observed in recent transactions or valuation techniques when the market is not readily available.
- (ii) The fair value of unlisted long-term financial assets and liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3. FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Fair value estimation (continued)

- (iii) The carrying values of bank balances, short-term receivables and payables approximate their fair values due to the short-term maturities of these assets and liabilities.
- (iv) The fair value of debt instruments as financial assets at amortized cost are detailed in note 16(a).
- (v) The following table presents the Group's financial instruments, including "financial assets at FVOCI", "financial assets at FVPL", "derivative financial instruments", financial assets at FVPL under "investments related to unit-linked contracts" and "financial liabilities related to unit-linked contracts", that are measured at fair value at 31 December 2024 and 30 June 2024 respectively:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

As at 31 December 2024

HK\$m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at FVOCI				
— Equity instruments	584.6	—	4.5	589.1
— Debt instruments	9,659.5	2,472.6	—	12,132.1
Financial assets at FVPL				
— Equity instruments	1,306.9	—	114.3	1,421.2
— Debt instruments	39,395.3	2,799.1	1,378.0	43,572.4
— Investment funds	12,459.7	0.2	5,112.6	17,572.5
Derivative financial instruments	—	211.6	—	211.6
Investments related to unit-linked contracts				
— Investment funds	8,986.5	—	—	8,986.5
	72,392.5	5,483.5	6,609.4	84,485.4
Liabilities				
Derivative financial instruments	—	(684.1)	—	(684.1)
Financial liabilities related to unit-linked contracts	—	(3,994.4)	—	(3,994.4)
	—	(4,678.5)	—	(4,678.5)

3. FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Fair value estimation (continued)

(v) (continued)

As at 30 June 2024

HK\$m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at FVOCI				
— Equity instruments	899.4	—	4.5	903.9
— Debt instruments	8,777.9	1,942.6	—	10,720.5
Financial assets at FVPL				
— Equity instruments	1,187.4	—	189.2	1,376.6
— Debt instruments	42,028.5	2,568.5	1,325.9	45,922.9
— Investment funds	7,903.6	0.2	4,543.3	12,447.1
Derivative financial instruments	—	367.2	—	367.2
Investments related to unit-linked contracts				
— Investment funds	8,967.1	50.9	—	9,018.0
	69,763.9	4,929.4	6,062.9	80,756.2
Liabilities				
Derivative financial instruments	—	(384.9)	—	(384.9)
Financial liabilities related to unit-linked contracts	—	(4,188.8)	—	(4,188.8)
	—	(4,573.7)	—	(4,573.7)

During the Current Period, there were transfer of assets relating to the Group's insurance business as financial assets at FVOCI and financial assets at FVPL with fair values of HK\$136.6 million (2023: HK\$628.7 million) and HK\$605.8 million (2023: nil) respectively from Level 1 to Level 2 fair value hierarchy. Assets are transferred into or out of Level 1 based on whether they are transacted with sufficient frequency and volume in an active market.

3. FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Fair value estimation (continued)

(v) (continued)

The following table presents the changes of financial instruments categorized within Level 3 fair value hierarchy for the Current Period:

HK\$m	Assets		Total
	Financial assets at FVOCI	Financial assets at FVPL	
As at 30 June 2024 and 1 July 2024	4.5	6,058.4	6,062.9
Translation differences	–	(10.4)	(10.4)
Purchases	–	575.9	575.9
Disposals/derecognized	–	(189.1)	(189.1)
Net fair value change recognized in condensed consolidated income statement	–	170.1	170.1
As at 31 December 2024	4.5	6,604.9	6,609.4
Net unrealized fair value change recognized in condensed consolidated income statement relating to balances held as at 31 December 2024	–	176.8	176.8

As at 31 December 2024, financial instruments categorized within Level 3 fair value hierarchy comprise investment funds and unlisted debt and equity instruments. The fair value of these financial instruments is determined by using valuation techniques as detailed below:

- For investments in unlisted investment funds, management discussed with the respective fund managers to understand the performance of the underlying investments and fair value measurement basis conducted by the respective fund managers in order to evaluate whether the fair values as stated in the fund statements at the end of reporting period is appropriate;
- For investments in equity and debt instruments with recent transactions, management determined the fair value at the end of reporting period with reference to recent transaction prices of these financial assets; and
- For investments in equity and debt instruments without recent transactions, management has established fair values of these investments by using appropriate valuation techniques such as discounted cash flow with the credit risk of the issuer taken into consideration for investments in bonds and the purchase price paid by the Group with consideration to the latest financial information, movement of market comparable/market indices and the latest business development of the investee companies, where applicable. Independent external valuer has been involved in determining the fair value, when appropriate.

4. REVENUE AND SEGMENT INFORMATION

The Group's revenue is analyzed as follows:

HK\$m	For the six months ended 31 December 2024		
	Hong Kong	The Mainland	Total
Roads	–	1,439.6	1,439.6
Insurance	1,988.9	–	1,988.9
Logistics	–	75.7	75.7
Construction	7,365.8	–	7,365.8
Facilities Management	1,236.4	3.3	1,239.7
	10,591.1	1,518.6	12,109.7

HK\$m	For the six months ended 31 December 2023		
	Hong Kong	The Mainland	Total
Roads	–	1,468.4	1,468.4
Insurance	1,616.9	–	1,616.9
Logistics	–	84.3	84.3
Construction	9,375.5	–	9,375.5
Facilities Management	1,424.1	9.3	1,433.4
	12,416.5	1,562.0	13,978.5

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue from insurance business is further analyzed as follows:

	For the six months ended 31 December	
	2024 HK\$'m	2023 HK\$'m
Contractual service margin ("CSM") recognized for services provided	570.2	376.2
Change in risk adjustment for non-financial risk for risk expired	2.9	1.8
Expected incurred claims and other insurance service expenses	809.2	755.4
Recovery of insurance acquisition cash flows	429.0	297.6
Others	85.7	88.9
Amounts related to changes in liabilities for remaining coverage	1,897.0	1,519.9
Fee income on insurance and investment contracts	88.7	94.7
General insurance commission under agency agreements	3.1	2.3
Others	0.1	–
Fee and commission income	91.9	97.0
	1,988.9	1,616.9

Management has determined the operating segments based on the reports reviewed by the Executive Committee of the Company that are used to make strategic decisions in accordance with HKFRS 8 "Operating Segments". The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. The Executive Committee considers the businesses of the Group from product and service perspectives, which comprised (i) Roads; (ii) Insurance; (iii) Logistics; (iv) Construction; (v) Facilities Management; and (vi) Strategic Investments.

The Executive Committee assesses the performance of the operating segments based on a measure of Attributable Operating Profit (including share of results from associated companies and joint ventures). This measurement basis excludes the effects of non-operating and unallocated corporate office items. Corporate interest income, finance costs and expenses are not allocated to segments.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (a) The information of the reportable segments provided to the Executive Committee for the Current Period and related comparative figures is as follows:

HK\$m	Roads	Insurance	Logistics	Construction	Facilities Management	Strategic Investments	Total	
For the six months ended 31 December 2024								
Total revenue	1,439.6	1,990.3	75.7	7,365.8	1,243.7	–	12,115.1	
Inter-segment	–	(1.4)	–	–	(4.0)	–	(5.4)	
Revenue — external	1,439.6	1,988.9	75.7	7,365.8	1,239.7	–	12,109.7	
Revenue from contracts with customers								
Recognized at a point in time	1,439.6	–	–	–	619.6	–	2,059.2	
Recognized over time	–	91.9	–	7,365.8	620.1	–	8,077.8	
	1,439.6	91.9	–	7,365.8	1,239.7	–	10,137.0	
Revenue from other sources	–	1,897.0	75.7	–	–	–	1,972.7	
	1,439.6	1,988.9	75.7	7,365.8	1,239.7	–	12,109.7	
Attributable Operating Profit/(Loss)								
Company and subsidiaries	448.2	614.3	46.6	356.9	86.5	32.2	1,584.7	
Associated companies	129.2	–	(1.9)	34.0	(77.2)	43.3	127.4	
Joint ventures	189.7	–	343.1	–	–	(19.6)	513.2	
	767.1	614.3	387.8	390.9	9.3	55.9	2,225.3	
Reconciliation								
Non-operating items								
Net loss on fair value of investment properties, net of tax							(89.7)	(i)
Impairments, remeasurement and provisions, net							(307.4)	(ii)
Gain on disposal of a project							42.7	(iii)
Share of non-operating income of a joint venture, net							81.1	(iv)
Unallocated corporate office items							(505.3)	
Net finance costs							(0.5)	
Net exchange loss							(179.6)	
Expenses and others								
Profit for the period after tax and non-controlling interests							1,266.6	
Profit attributable to holders of perpetual capital securities							(109.0)	
Profit attributable to shareholders of the Company							1,157.6	

- (i) Net loss on fair value of investment properties recognized in the condensed consolidated income statement is HK\$223.2 million (note 6), in which a loss of HK\$37.6 million is recognized as part of Attributable Operating Profit in various reportable segments. The amount also includes gain on fair value of an investment property shared from a joint venture of HK\$93.5 million (net of tax) which is included in “share of results of joint ventures”.
- (ii) The amount mainly represents share of remeasurement loss of a joint venture of HK\$319.9 million (note 15(b)) which is included in “share of results of joint ventures”.
- (iii) The amount represents profit on disposal of assets held-for-sale of HK\$42.7 million (note 6) which is included in “other income and gains, net”.
- (iv) The amount represents share of non-operating income of a joint venture of HK\$95.6 million (note 15(c)) less professional fee incurred, which is included in “share of results of joint ventures”.

Notes to Condensed Consolidated Interim Financial Statements

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information of the reportable segments provided to the Executive Committee for the Current Period and related comparative figures is as follows: (continued)

HK\$m	Roads	Insurance	Logistics	Construction	Facilities Management	Strategic Investments	Corporate	Total
For the six months ended 31 December 2024								
Amortization of intangible assets	-	41.0	-	1.4	15.6	-	-	58.0
Amortization of intangible concession rights	570.8	-	-	-	-	-	-	570.8
Depreciation of property, plant and equipment	50.4	15.8	-	26.3	52.4	-	7.4	152.3
Depreciation of right-of-use assets	0.2	53.8	-	18.6	45.1	-	4.4	122.1
Insurance finance expenses	-	890.5	-	-	-	-	-	890.5
Net loss/(gain) on fair value of financial assets at FVPL	-	224.3	-	1.4	-	(0.9)	-	224.8
Interest income	(27.0)	(1,482.8)	(1.0)	(22.1)	(53.1)	(44.9)	(123.1)	(1,754.0)
Finance costs	54.1	9.9	4.2	20.2	10.2	0.2	628.4	727.2
Income tax expenses	155.2	60.0	12.0	69.5	21.1	5.5	-	323.3
Additions to assets (remark)	47.3	163.1	0.1	35.7	14.8	-	2.4	263.4
As at 31 December 2024								
Company and subsidiaries	14,785.8	98,104.4	2,998.2	8,627.9	2,659.3	4,211.6	8,333.6	139,720.8
Associated companies	2,390.1	-	261.6	162.8	146.5	1,683.2	2.5	4,646.7
Joint ventures	5,735.9	-	9,616.1	-	-	1,588.0	370.2	17,310.2
Total assets	22,911.8	98,104.4	12,875.9	8,790.7	2,805.8	7,482.8	8,706.3	161,677.7
Total liabilities	4,940.6	74,582.0	362.4	7,991.7	887.5	90.7	31,986.8	120,841.7

Remark: Represented assets expected to be recovered more than 12 months after the reporting period other than financial instruments, deferred tax assets, post-employment benefit assets, insurance contract assets and reinsurance contract assets.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information of the reportable segments provided to the Executive Committee for the Current Period and related comparative figures is as follows: (continued)

HK\$m	Roads	Insurance	Logistics	Construction	Facilities Management	Strategic Investments	Total	
For the six months ended 31 December 2023								
Total revenue	1,468.4	1,618.3	84.3	9,376.2	1,434.8	–	13,982.0	
Inter-segment	–	(1.4)	–	(0.7)	(1.4)	–	(3.5)	
Revenue — external	1,468.4	1,616.9	84.3	9,375.5	1,433.4	–	13,978.5	
Revenue from contracts with customers								
Recognized at a point in time	1,468.4	–	–	–	752.0	–	2,220.4	
Recognized over time	–	97.0	–	9,375.5	681.4	–	10,153.9	
	1,468.4	97.0	–	9,375.5	1,433.4	–	12,374.3	
Revenue from other sources	–	1,519.9	84.3	–	–	–	1,604.2	
	1,468.4	1,616.9	84.3	9,375.5	1,433.4	–	13,978.5	
Attributable Operating Profit/(Loss)								
Company and subsidiaries	408.8	413.0	54.6	363.2	221.6	31.6	1,492.8	
Associated companies	89.6	–	(8.2)	31.5	(97.4)	38.5	54.0	
Joint ventures	318.3	–	310.4	–	–	(41.5)	587.2	
	816.7	413.0	356.8	394.7	124.2	28.6	2,134.0	
Reconciliation								
Non-operating items								
Net loss on fair value of investment properties							(22.4)	(v)
Impairments and provisions							(295.0)	(vi)
Share-based payment (note 5(a))							(44.4)	
Unallocated corporate office items								
Net finance costs							(273.6)	
Net exchange gain							20.7	
Expenses and others							(198.6)	
Profit for the period after tax and non-controlling interests							1,320.7	
Profit attributable to holders of perpetual capital securities							(311.9)	
Profit attributable to shareholders of the Company							1,008.8	

(v) Net loss on fair value of investment properties recognized in the condensed consolidated income statement for the Last Period was HK\$48.4 million (note 6), in which a loss of HK\$26.0 million was recognized as part of Attributable Operating Profit in various reportable segments.

(vi) The amount mainly represented impairment losses related to associated companies of HK\$179.9 million (note 6) included in “other income and gains, net” and share of impairment loss of a joint venture of HK\$99.7 million included in “share of results of joint ventures”.

Notes to Condensed Consolidated Interim Financial Statements

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information of the reportable segments provided to the Executive Committee for the Current Period and related comparative figures is as follows: (continued)

HK\$'m	Roads	Insurance	Logistics	Construction	Facilities Management	Strategic Investments	Corporate	Total
For the six months ended 31 December 2023								
Amortization of intangible assets	–	37.0	–	–	15.6	–	–	52.6
Amortization of intangible concession rights	562.8	–	–	–	–	–	–	562.8
Depreciation of property, plant and equipment	52.1	21.4	0.5	25.5	45.4	–	7.7	152.6
Depreciation of right-of-use assets	0.3	52.5	–	19.7	47.4	–	4.4	124.3
Insurance finance expenses	–	1,332.9	–	–	–	–	–	1,332.9
Net (gain)/loss on fair value of financial assets at FVPL	–	(5.9)	–	1.0	–	(6.6)	–	(11.5)
Interest income	(29.4)	(1,325.5)	(0.1)	(18.6)	(58.2)	(42.4)	(125.5)	(1,599.7)
Finance costs	74.9	23.6	4.3	23.3	12.2	0.1	399.1	537.5
Income tax expenses/(credit)	206.0	60.6	2.1	72.0	28.8	(7.0)	(2.9)	359.6
Additions to assets (remark)	89.0	96.5	0.2	94.8	34.2	–	12.2	326.9
As at 30 June 2024								
Company and subsidiaries	14,331.6	92,981.3	3,192.5	9,035.5	3,563.7	4,019.7	6,015.3	133,139.6
Associated companies	2,234.5	–	266.3	149.8	166.3	1,720.9	2.5	4,540.3
Joint ventures	5,644.6	–	9,506.3	–	–	1,967.3	285.6	17,403.8
Total assets	22,210.7	92,981.3	12,965.1	9,185.3	3,730.0	7,707.9	6,303.4	155,083.7
Total liabilities	5,159.9	70,188.3	347.1	8,036.2	1,342.7	86.3	26,571.5	111,732.0

Remark: Represented assets expected to be recovered more than 12 months after the reporting period other than financial instruments, deferred tax assets, post-employment benefit assets, insurance contract assets and reinsurance contract assets.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Additional information of assets and liabilities by the following line items:

As at 31 December 2024

HK\$'m	Non-insurance and corporate	Insurance	Total
Assets			
Intangible assets	136.6	5,840.7	5,977.3
Intangible concession rights	11,537.3	–	11,537.3
Investment properties	4,585.1	644.0	5,229.1
Associated companies	4,646.7	–	4,646.7
Joint ventures	17,310.2	–	17,310.2
Insurance contract assets	–	1,252.0	1,252.0
Reinsurance contract assets	–	68.9	68.9
Debt instruments as financial assets at amortized cost	117.2	1,273.2	1,390.4
Financial assets at FVOCI	747.1	11,974.1	12,721.2
Financial assets at FVPL	2,476.8	60,089.3	62,566.1
Trade and other receivables	8,246.0	758.0	9,004.0
Investments related to unit-linked contracts	–	9,030.7	9,030.7
Cash and bank balances	11,716.7	6,895.5	18,612.2
Others	2,053.6	278.0	2,331.6
	63,573.3	98,104.4	161,677.7
Liabilities			
Insurance contract liabilities	–	69,322.6	69,322.6
Reinsurance contract liabilities	–	21.8	21.8
Financial liabilities related to unit-linked contracts	–	3,994.4	3,994.4
Borrowings and other interest-bearing liabilities	34,329.4	366.3	34,695.7
Trade and other payables	9,595.6	369.2	9,964.8
Others	2,334.7	507.7	2,842.4
	46,259.7	74,582.0	120,841.7

(c) Information by geographical areas:

HK\$'m	Assets expected to be recovered more than 12 months (remark)	
	As at 31 December 2024	As at 30 June 2024
Hong Kong	10,173.4	10,299.7
The Mainland	14,641.6	15,533.3
Others	27.5	27.6
	24,842.5	25,860.6

Remark: Represented assets expected to be recovered more than 12 months after the reporting period other than financial instruments, deferred tax assets, post-employment benefit assets, insurance contract assets and reinsurance contract assets.

5. OPERATING PROFIT

Operating profit of the Group is arrived at after crediting and charging the following:

	Note	For the six months ended 31 December	
		2024 HK\$m	2023 HK\$m
Crediting			
Gross rental income from investment properties		117.3	126.3
Less: outgoings		(29.0)	(31.1)
		88.3	95.2
Charging			
Cost of inventories sold		505.8	552.7
Cost of construction		6,156.5	8,214.9
Amortization of intangible assets	10	58.0	52.6
Amortization of intangible concession rights	11	570.8	562.8
Depreciation of property, plant and equipment	13	152.3	152.6
Depreciation of right-of-use assets		122.1	124.3
Agency commission and allowances		1,164.8	1,364.7
Expenses on short-term leases		4.8	5.5
Expenses on variable lease payments		68.9	72.9
Staff costs (including directors' emoluments and share-based payment)	(a)	1,484.0	1,459.0
Other costs and expenses		701.0	682.9
		10,989.0	13,244.9
Amounts attributed to insurance contracts		(1,726.3)	(1,865.9)
Amortization of insurance acquisition cash flows		442.8	311.7
Incurred claims and other directly attributable expenses		917.7	942.9
Losses on onerous contracts, net of reversal		60.2	(1.5)
		10,683.4	12,632.1
Represented by			
Cost of sales	7	8,770.6	10,804.4
Insurance service expenses		1,420.7	1,253.1
Selling and marketing expenses		85.7	84.5
General and administrative expenses		406.4	490.1
		10,683.4	12,632.1

- (a) The Group recognized the total share-based payment expense of HK\$44.4 million in the Last Period in relation to share options granted by the Company.

6. OTHER INCOME AND GAINS, NET

	Note	For the six months ended 31 December	
		2024 HK\$m	2023 HK\$m
Net gain associated with investments related to unit-linked contracts		191.1	178.9
Profit on disposal of assets held-for-sale	30(b)	42.7	–
Interest income			
– Debt instruments as financial assets at FVPL		1,160.9	1,061.6
– Debt instruments as financial assets at FVOCI		279.8	212.8
– Debt instruments as financial assets at amortized cost		29.4	23.2
– Bank deposits and others		283.9	302.1
Dividend income		202.7	149.4
Others		102.5	63.9
Net (loss)/gain on fair value of derivative financial instruments		(304.6)	0.9
Net (loss)/gain on fair value of financial assets at FVPL		(224.8)	11.5
Net loss on fair value of investment properties	12	(223.2)	(48.4)
Charges associated with financial liabilities related to unit-linked contracts		(89.9)	(71.4)
Net exchange loss		(67.5)	(14.9)
Net (loss)/profit on disposal of debt instruments as financial assets at FVOCI		(66.9)	3.0
Impairment losses related to associated companies		–	(179.9)
Expected credit loss provision, net of reversal			
– Debt instruments as financial assets at FVOCI		(8.0)	(83.5)
– Debt instruments as financial assets at amortized cost		(0.3)	0.2
– Trade and other receivables		21.9	16.0
		1,329.7	1,625.4
Represented by			
Net investment income and gains from insurance business		1,089.0	1,474.5
Others		240.7	150.9
		1,329.7	1,625.4

7. COST OF SALES

	Note	For the six months ended 31 December	
		2024 HK\$m	2023 HK\$m
Cost of inventories sold		505.8	552.7
Cost of construction		6,156.5	8,214.9
Cost of services rendered		2,108.3	2,036.8
	5	8,770.6	10,804.4

8. INCOME TAX EXPENSES

Hong Kong profits tax is provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the Current Period. Taxation on the Mainland and overseas profits has been calculated on the estimated taxable profits for the Current Period at the rates of tax prevailing in the regions in which the Group operates. These rates range from 12% to 25% (2023: 12% to 25%). Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2023: 5% or 10%).

The assessable profits of the Group's insurance business are computed in accordance with the special provisions of the Hong Kong Inland Revenue Ordinance ("IRO"). Profits tax for the long-term insurance business, as defined by IRO, is computed at a rate of 16.5% (2023: 16.5%) of 5% of net premiums (gross premiums received less reinsurance premiums ceded) of the life insurance business in accordance with Section 23(1)(a) of IRO.

The amount of income tax charged to the condensed consolidated income statement represents:

	For the six months ended 31 December	
	2024 HK\$m	2023 HK\$m
Current tax		
Hong Kong profits tax	139.9	130.6
The Mainland and overseas taxation	233.7	261.3
Deferred tax credit	(50.3)	(32.3)
	323.3	359.6

Share of taxation of associated companies and joint ventures of HK\$59.2 million (2023: HK\$49.1 million) and HK\$160.3 million (2023: HK\$168.6 million) respectively are included in the condensed consolidated income statement as share of results of associated companies and joint ventures respectively.

8. INCOME TAX EXPENSES (CONTINUED)

Pillar Two income taxes

In December 2021, the Organisation for Economic Co-operation and Development released the Pillar Two model rules (the Global Anti-Base Erosion Model Rules, or “GloBE”) for a new global minimum tax reform, which multinational enterprise groups are required to calculate their GloBE effective tax rate for each jurisdiction they operate and will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The Group, as a subsidiary of a wider group, will be in the scope of the Pillar Two tax reform. As the Group is operating in jurisdictions where the Pillar Two legislation has not been enacted or substantially enacted, there is no current tax exposure. The Group will observe the development of the legislations and assess the potential impact.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on earnings of HK\$1,157.6 million (2023: HK\$1,111.5 million), which represented profit attributable to shareholders of the Company of HK\$1,157.6 million (2023: comprised profit attributable to shareholders of the Company of HK\$1,008.8 million and gain on derecognition of perpetual capital securities as equity of HK\$102.7 million); on the weighted average of 3,997,540,085 (2023: 3,911,133,705) ordinary shares outstanding during the Current Period.

There is no dilutive potential ordinary share outstanding for the Current Period.

For the Last Period, diluted earnings per share was based on earnings of HK\$1,111.5 million (as stated above) and on the weighted average number of ordinary shares outstanding adjusted by assuming the conversion of all dilutive potential ordinary shares. The calculation of weighted average number of shares for calculating diluted earnings per share for the Last Period was as follows:

	Number of shares
Weighted average number of shares for calculating basic earnings per share	3,911,133,705
Effect of dilutive potential ordinary shares	
Share options	8,846,617
Weighted average number of shares for calculating diluted earnings per share	3,919,980,322

10. INTANGIBLE ASSETS

HK\$'m	Note	Goodwill	Operating right and others	Total
Cost				
As at 30 June 2024 and 1 July 2024		5,576.3	1,078.1	6,654.4
Additions		–	106.5	106.5
Written off		–	(0.2)	(0.2)
As at 31 December 2024		5,576.3	1,184.4	6,760.7
Accumulated amortization and impairment				
As at 30 June 2024 and 1 July 2024		–	725.6	725.6
Amortization	5	–	58.0	58.0
Written off		–	(0.2)	(0.2)
As at 31 December 2024		–	783.4	783.4
Net book value				
As at 31 December 2024		5,576.3	401.0	5,977.3
As at 30 June 2024		5,576.3	352.5	5,928.8

11. INTANGIBLE CONCESSION RIGHTS

	Note	HK\$'m
Cost		
As at 30 June 2024 and 1 July 2024		23,858.9
Translation differences		(253.8)
As at 31 December 2024		23,605.1
Accumulated amortization and impairment		
As at 30 June 2024 and 1 July 2024		11,632.8
Amortization	5	570.8
Translation differences		(135.8)
As at 31 December 2024		12,067.8
Net book value		
As at 31 December 2024		11,537.3
As at 30 June 2024		12,226.1

12. INVESTMENT PROPERTIES

HK\$'m	Note	Commercial properties in Hong Kong	Commercial properties in the Mainland	Residential properties in the Mainland	Others	Total
As at 30 June 2024 and 1 July 2024		2,608.0	2,839.8	4.9	26.4	5,479.1
Fair value changes	6	(60.0)	(163.0)	–	(0.2)	(223.2)
Translation differences		–	(26.8)	–	–	(26.8)
As at 31 December 2024		2,548.0	2,650.0	4.9	26.2	5,229.1

13. PROPERTY, PLANT AND EQUIPMENT

HK\$'m	Note	Land and properties	Other plant and equipment	Motor vehicles	Total
Cost					
As at 30 June 2024 and 1 July 2024		251.9	3,250.3	23.2	3,525.4
Additions		–	106.8	3.4	110.2
Disposals		–	(13.6)	–	(13.6)
Translation differences		(0.1)	(9.7)	–	(9.8)
As at 31 December 2024		251.8	3,333.8	26.6	3,612.2
Accumulated depreciation and impairment					
As at 30 June 2024 and 1 July 2024		38.6	2,214.2	20.4	2,273.2
Depreciation	5	3.3	148.4	0.6	152.3
Disposals		–	(11.8)	–	(11.8)
Translation differences		–	(5.1)	–	(5.1)
As at 31 December 2024		41.9	2,345.7	21.0	2,408.6
Net book value					
As at 31 December 2024		209.9	988.1	5.6	1,203.6
As at 30 June 2024		213.3	1,036.1	2.8	1,252.2

14. ASSOCIATED COMPANIES

		As at 31 December 2024 HK\$'m	As at 30 June 2024 HK\$'m
	Note		
Group's share of net assets, including goodwill			
Listed shares — Hong Kong	(a)	958.4	1,054.9
Listed shares — overseas	(a)	707.6	635.9
Unlisted shares		2,876.8	2,730.6
		4,542.8	4,421.4
Amounts receivable			
Gross amount		2,075.5	2,042.3
Less: provision		(1,971.6)	(1,923.4)
	(b), (c)	4,646.7	4,540.3

- (a) As at 31 December 2024, the share of market value of the Group's listed associated companies amounts to HK\$1,157.2 million (30 June 2024: HK\$1,449.2 million).
- (b) As at 31 December 2024, the carrying amount mainly represents the Group's investments in various roads, logistics, healthcare, strategic investments and other projects.
- (c) Management is of the view that there is no material impairment of the Group's investments in associated companies as at 31 December 2024.

15. JOINT VENTURES

	Note	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Co-operative joint venture			
Group's share of net assets, including goodwill		2,701.2	2,627.5
Amounts receivable		–	44.3
		2,701.2	2,671.8
Equity joint ventures			
Group's share of net assets, including goodwill	(d)	4,969.2	4,965.4
Amounts receivable		311.4	269.6
		5,280.6	5,235.0
Companies limited by shares			
Group's share of net assets, including goodwill		7,979.7	8,183.2
Amounts receivable			
Gross amount		2,583.2	2,589.8
Less: provision		(1,234.5)	(1,276.0)
		9,328.4	9,497.0
	(a), (b), (c)	17,310.2	17,403.8

(a) As at 31 December 2024, the carrying amount mainly represents the Group's investments in various roads, logistics, strategic investments and other projects.

(b) Hyva I B.V., a joint venture of the Group, is principally engaged in manufacturing and supply of components used in hydraulic loading and unloading systems. During the Current Period, Hyva I B.V. and one of its subsidiaries (together the "Hyva Sellers") entered into a conditional sale and purchase agreement to dispose all of their entire interests in Hyva Group.

In accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the carrying value of interests in Hyva Group shall be remeasured to the lower of carrying amount or fair value less costs to sell. The fair value less costs to sell is determined with reference to the sale consideration by Hyva Sellers. Accordingly, the Group's share of remeasurement loss of HK\$319.9 million was included in the share of results of joint ventures in the Current Period. The transaction was subsequently completed in January 2025.

Except for above, management is of the view that there is no other material impairment of the Group's investments in joint ventures as at 31 December 2024.

15. JOINT VENTURES (CONTINUED)

- (c) Goshawk, a joint venture with 50% equity interest held by the Group and previously engaged in commercial aircraft leasing, has made full impairment for six aircraft in the financial year ended 30 June 2022. Goshawk filed insurance claims in this regard.

During the Current Period, Goshawk has successfully concluded certain settlement arrangements with some of its insurers. Accordingly, an income of HK\$95.6 million for the insurance claim is shared by the Group upon the execution of these settlement agreements and included in “share of results of joint ventures”.

Up to the preceding day of this report, Goshawk has received an aggregate amount of approximately US\$145.2 million (equivalent to approximately HK\$1.1 billion) upon completion of certain settlement procedures with the insurers, of which the Group is entitled to 50% of these insurance settlements. Therefore, the Group is expected to further share an income of approximately HK\$0.45 billion for the insurance claim in the second half of FY2025 (excluding the aforementioned HK\$95.6 million shared by the Group during the Current Period).

- (d) As at 31 December 2024, the Group has provided a pledge over a proportion of equity interest in a joint venture, which the carrying amount of the pledged portion is HK\$1,380.0 million (30 June 2024: HK\$1,393.4 million), as a security for a bank loan of that joint venture.

16. DEBT INSTRUMENTS AS FINANCIAL ASSETS AT AMORTIZED COST

	As at 31 December 2024 HK\$'m	As at 30 June 2024 HK\$'m
Listed overseas	1,273.2	1,285.7
Unlisted	117.2	105.7
	1,390.4	1,391.4
Expected to recover after 12 months	1,390.4	1,391.4

- (a) The aggregate fair value of debt instruments as financial assets at amortized cost is HK\$1,069.5 million (30 June 2024: HK\$1,078.3 million).

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Equity instruments		
Listed in Hong Kong	545.8	885.3
Listed overseas	38.8	14.1
Unlisted	4.5	4.5
	589.1	903.9
Debt instruments		
Listed in Hong Kong	1,240.1	760.2
Listed overseas	9,097.0	8,194.7
Unlisted	1,795.0	1,765.6
	12,132.1	10,720.5
	12,721.2	11,624.4
Expected to recover after 12 months	12,331.0	10,618.5
Expected to recover within 12 months	390.2	1,005.9
	12,721.2	11,624.4

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2024 HK\$'m	As at 30 June 2024 HK\$'m
Equity instruments		
Listed in Hong Kong	1,127.0	1,036.1
Listed overseas	179.9	151.3
Unlisted	114.3	189.2
	1,421.2	1,376.6
Debt instruments		
Listed in Hong Kong	5,070.5	5,481.7
Listed overseas	35,694.9	37,568.3
Unlisted	2,807.0	2,872.9
	43,572.4	45,922.9
Investment funds		
Listed	8,019.3	5,130.4
Unlisted	9,553.2	7,316.7
	17,572.5	12,447.1
	62,566.1	59,746.6
Expected to recover after 12 months	62,126.6	59,133.1
Expected to recover within 12 months	439.5	613.5
	62,566.1	59,746.6

Financial assets at FVPL related to unit-linked contracts are detailed in note 20(a).

19. TRADE AND OTHER RECEIVABLES

	Note	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Trade receivables	(a)	1,334.3	1,927.4
Other receivables, deposits and prepayments	(b)	1,806.7	1,645.1
Retention money receivables		2,142.0	2,216.5
Contract assets		2,776.3	2,023.4
Deferred tax assets		71.1	84.9
Amounts due from associated companies		42.1	392.6
Amounts due from joint ventures		831.5	869.0
		9,004.0	9,158.9
Expected to recover after 12 months		2,409.2	2,431.6
Expected to recover within 12 months		6,594.8	6,727.3
		9,004.0	9,158.9

(a) The ageing analysis of trade receivables based on invoice date is as follows:

	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Under 3 months	1,253.5	1,836.3
4 to 6 months	22.1	58.8
Over 6 months	58.7	32.3
	1,334.3	1,927.4

(b) The balance includes construction related receivables amounting to HK\$245.8 million (30 June 2024: HK\$298.5 million) which have not yet been billed at period/year end.

20. INVESTMENTS/FINANCIAL LIABILITIES RELATED TO UNIT-LINKED CONTRACTS

(a) Investments related to unit-linked contracts are analyzed as follows:

	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Financial assets at FVPL — Investment funds	8,986.5	9,018.0
Cash and bank balances	44.2	23.3
	9,030.7	9,041.3

The balance is expected to recover within 12 months.

(b) Financial liabilities related to unit-linked contracts are analyzed as follows:

	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Expected to settle after 12 months	0.5	125.3
Expected to settle within 12 months	3,993.9	4,063.5
	3,994.4	4,188.8

21. SHARE CAPITAL

	Ordinary shares	
	No. of shares	HK\$m
Authorized		
As at 30 June 2024, 1 July 2024 and 31 December 2024	6,000,000,000	6,000.0
Issued and fully paid		
As at 30 June 2024, 1 July 2024 and 31 December 2024	3,997,540,085	3,997.5

Share Option Scheme

The Group operates equity-settled, share-based compensation plans. A share option scheme was adopted by the Company on 23 November 2021 (the “2021 Share Option Scheme”), which is valid and effective for a period of ten years from the date of adoption. The Board may, at their discretion, grant options to any eligible participant as defined under the 2021 Share Option Scheme to subscribe for the shares of the Company.

During the Current Period, there is no share options outstanding.

22. RESERVES

HK\$m	Note	Share premium	Special reserves	Property revaluation reserve	Hedge reserves	FVOCI	FVOCI reserve (recycling)	Insurance finance reserve	Exchange reserve	Revenue reserve	Total
						reserve (non-recycling)					
As at 30 June 2024 and 1 July 2024		18,303.6	444.3	6,335.3	81.8	(647.0)	(2,025.8)	(137.1)	(1,920.9)	14,464.5	34,898.7
Profit attributable to shareholders of the Company		-	-	-	-	-	-	-	-	1,157.6	1,157.6
Dividend paid to shareholders of the Company	27	-	-	-	-	-	-	-	-	(1,399.1)	(1,399.1)
Release of reserve upon disposal of debt instruments as financial assets at FVOCI		-	-	-	-	-	66.9	-	-	-	66.9
Net fair value change on equity instruments as financial assets at FVOCI											
Company and subsidiaries		-	-	-	-	(15.2)	-	-	-	-	(15.2)
Associated company		-	-	-	-	(65.7)	-	-	-	-	(65.7)
Net fair value change on debt instruments as financial assets at FVOCI and other net movement		-	-	-	-	-	7.6	-	-	-	7.6
Currency translation differences		-	-	-	-	-	-	-	(66.7)	-	(66.7)
Share of reserves of associated companies and a joint venture		-	(1.2)	-	-	-	-	-	-	4.6	3.4
Insurance finance expenses		-	-	-	-	-	-	(2.3)	-	-	(2.3)
Cash flow hedges		-	-	-	(113.6)	-	-	-	-	-	(113.6)
Remeasurement of post-employment benefit obligation		-	-	-	-	-	-	-	-	0.5	0.5
Transfer of reserves upon disposal of equity instruments as financial assets at FVOCI		-	-	-	-	370.1	-	-	-	(370.1)	-
Other transfer of reserves		-	14.2	-	-	-	-	-	-	(14.2)	-
As at 31 December 2024		18,303.6	457.3	6,335.3	(31.8)	(357.8)	(1,951.3)	(139.4)	(1,987.6)	13,843.8	34,472.1

Special reserves include statutory reserves which are created in accordance with the relevant laws and regulations of the PRC and/or terms of the joint venture agreements of subsidiaries and joint ventures established in the Mainland and are required to be retained in the financial statements of these subsidiaries and joint ventures for specific purposes. Special reserves also include capital redemption reserve, contributed surplus and share option reserve.

23. PERPETUAL CAPITAL SECURITIES

During the Current Period, the Group redeemed in whole the outstanding principal amount of US\$268.2 million senior perpetual capital securities issued in December 2022 (the "2022 Perpetual Capital Securities").

24. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

An analysis by measurement component of insurance contracts are as follows:

	As at 31 December 2024 HK\$'m	As at 30 June 2024 HK\$'m
Estimates of present value of future cash flows	57,460.3	54,468.7
Risk adjustment for non-financial risk	1,149.7	1,189.7
CSM	9,460.6	8,359.2
Net balance	68,070.6	64,017.6
Insurance contract assets	(1,252.0)	(548.3)
Insurance contract liabilities	69,322.6	64,565.9
	68,070.6	64,017.6
Expected to settle after 12 months	68,218.2	64,656.5
Expected to recover within 12 months	(147.6)	(638.9)
	68,070.6	64,017.6

An analysis by measurement component of reinsurance contracts held are as follows:

	As at 31 December 2024 HK\$'m	As at 30 June 2024 HK\$'m
Estimates of present value of future cash flows	189.7	80.0
Risk adjustment for non-financial risk	(23.2)	(41.8)
CSM	(213.6)	(203.9)
Net balance	(47.1)	(165.7)
Reinsurance contract assets	(68.9)	(221.2)
Reinsurance contract liabilities	21.8	55.5
	(47.1)	(165.7)
Expected to settle after 12 months	80.2	96.6
Expected to recover within 12 months	(127.3)	(262.3)
	(47.1)	(165.7)

25. BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES

	Note	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Secured long-term bank loans	(a)	3,911.0	4,057.4
Unsecured long-term bank loans		20,925.5	19,300.3
Unsecured short-term bank loans		1,061.6	623.7
Unsecured fixed rate bonds	(b)	8,784.1	5,742.6
Financing received under a financial reinsurance arrangement		–	155.9
Cash collateral received for cross currency swap and forward starting interest rate swap contracts		13.5	15.5
		34,695.7	29,895.4
Expected to settle after 12 months		32,364.9	25,329.4
Expected to settle within 12 months		2,330.8	4,566.0
		34,695.7	29,895.4

- (a) As at 31 December 2024, the Group's intangible concession rights of two expressways in Hunan with net book value of HK\$6,286.9 million (30 June 2024: HK\$6,446.9 million) and certain investment properties in Hong Kong and Suzhou with balance of HK\$1,184.4 million (30 June 2024: HK\$1,251.5 million) were pledged as securities for these bank loans.
- (b) In August 2024, the Group issued US\$400.0 million bonds at a price of 99.265% of the principal amount bearing a coupon rate of 6.375% per annum. These bonds are unsecured, have maturity of four years falling due 2028 and listed on the Hong Kong Stock Exchange. The effective interest rate applied is 6.80% per annum.

26. TRADE AND OTHER PAYABLES

	Note	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Trade payables	(a)	138.0	1,038.6
Other payables and accruals	(b)	7,296.5	6,055.7
Retention money payables		1,739.4	1,847.6
Contract liabilities		535.8	512.3
Amounts due to associated companies		14.2	4.1
Amount due to a joint venture		240.9	240.9
		9,964.8	9,699.2
Expected to settle after 12 months		3,033.7	2,395.2
Expected to settle within 12 months		6,931.1	7,304.0
		9,964.8	9,699.2

(a) The ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Under 3 months	91.0	995.5
4 to 6 months	7.3	20.9
Over 6 months	39.7	22.2
	138.0	1,038.6

(b) The balance includes construction related accruals and provisions amounting to HK\$4,976.7 million (30 June 2024: HK\$3,994.5 million).

27. DIVIDEND

A final dividend of HK\$1,399.1 million that related to FY2024 was paid in December 2024 (final dividend for the financial year ended 30 June 2023 paid: HK\$1,212.7 million).

On 26 February 2025, the Board resolved to declare an Interim Ordinary Dividend of HK\$0.30 per share and Special Dividend of HK\$0.30 per share for FY2025, both payable in cash (FY2024: interim ordinary dividend of HK\$0.30 per share and special dividend of HK\$1.79 per share, both payable in cash with a scrip option), on or about 9 April 2025, to the shareholders whose names appear on the register of members of the Company on 21 March 2025. This Total Interim Dividend, amounting to HK\$2,398.5 million, has not been recognized as liability in these interim financial statements but will be reflected as an appropriation of the retained profits in the annual financial statements for FY2025 (interim dividend for FY2024: HK\$8,175.9 million).

28. COMMITMENTS

(a) The outstanding commitments for capital expenditure are as follows:

	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Contracted but not provided for		
Property, plant and equipment	230.1	129.2
Intangible assets	2.7	0.2
Capital and loan contributions to associated companies and joint ventures	1,635.5	1,878.2
Investment funds, financial and other investments	3,054.4	3,251.8
	4,922.7	5,259.4

In addition, on 22 July 2024, Power Might Enterprises Limited, an indirect wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement to acquire the entire issued share capital and shareholder loan of Hsin Chong Aster, a contractor in providing electrical and mechanical engineering services, at an initial consideration of HK\$538.6 million, subject to adjustment, and so adjusted of not less than HK\$311.0 million but not more than HK\$1,000.0 million. The acquisition is yet to complete at the date of this report and expected to complete in the first quarter of 2025.

(b) The Group's share of commitments for capital expenditure committed by the joint ventures not included above are as follows:

	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Contracted but not provided for		
Property, plant and equipment	86.2	94.3

As at 31 December 2024, the Group shared the joint venture's commitment for the development of intangible concession right of HK\$1,289.8 million (30 June 2024: HK\$1,911.2 million) and such commitment would be financed by the loan arrangement entered by the joint venture.

29. FINANCIAL GUARANTEE

The Group's financial guarantee are as follows:

	As at 31 December 2024 HK\$m	As at 30 June 2024 HK\$m
Guarantees for credit facilities granted to		
Associated companies	2,262.6	1,870.0
Joint ventures	2,797.4	2,969.5
	5,060.0	4,839.5

In addition, a joint and several guarantee in favour of the Hong Kong Government for the punctual, true and faithful performance and observance by KTSPL under the contract entered into between the Hong Kong Government and KTSPL for the design, construction and operation of KTSP is provided by its shareholders. KTSPL is an associated company of the Group in which the Group has a 25% interest. Taking into consideration the deed of counter-indemnity which has been entered into, the Group's guarantee towards KTSPL is up to the extent of 25% of the contract sum or an amount of approximately HK\$7.5 billion as at 31 December 2024 and 30 June 2024.

Under the main transaction agreement and the related transaction documents in relation to the disposal of aircraft leasing business by Goshawk to SMBC Aviation Capital Limited ("SMBC"), the Group provides a financial guarantee to support the performance of Goshawk of its payment obligation to satisfy claims that may be brought by SMBC against Goshawk. The Group's potential liability under the financial guarantee is limited to a total amount of US\$197.1 million (equivalent to approximately HK\$1,537.4 million) as at 31 December 2024 and 30 June 2024.

30. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash generated from operations:

	For the six months ended 31 December	
	2024 HK\$m	2023 HK\$m
Operating profit	1,846.6	1,718.4
Depreciation and amortization	903.2	892.3
Insurance finance expenses	890.5	1,332.9
Net loss/(profit) on disposal of debt instruments as financial assets at FVOCI	66.9	(3.0)
Net loss/(gain) on fair value of derivative financial instruments	304.6	(0.9)
Net loss/(gain) on fair value of financial assets at FVPL	224.8	(11.5)
Net gain associated with investments related to unit-linked contracts	(191.1)	(178.9)
Interest income	(1,754.0)	(1,599.7)
Dividend income	(202.7)	(149.4)
Profit on disposal of assets held-for-sale	(42.7)	–
Net loss on fair value of investment properties	223.2	48.4
Impairment losses related to associated companies	–	179.9
Expected credit loss provision, net of reversal	(13.6)	67.3
Share-based payment	–	44.4
Net exchange loss	78.3	26.3
Other non-cash items	–	(3.0)
Operating profit before working capital changes	2,334.0	2,363.5
Increase in inventories	(2.8)	(49.4)
Increase in trade and other receivables	(345.3)	(82.7)
Decrease in trade and other payables	(193.8)	(72.7)
Changes in insurance contracts	3,161.7	4,590.6
Changes in reinsurance contracts held	117.1	(114.7)
Decrease in financial liabilities related to unit-linked contracts	(194.4)	(175.2)
Purchases of financial assets at FVPL associated with investments related to unit-linked contracts	(4,281.3)	(2,573.0)
Disposal of financial assets at FVPL associated with investments related to unit-linked contracts	4,420.1	2,746.7
Changes in balances with associated companies, joint ventures and related companies	(2.3)	25.1
Changes in balances with non-controlling interests	–	(11.6)
Net cash generated from operations	5,013.0	6,646.6

30. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Disposal of subsidiaries

During FY2024, the Group entered into a conditional sale and purchase agreement pursuant to which the Group agreed to dispose of its entire equity interest in certain subsidiaries engaged in duty free operations and general trading business. Accordingly, the related disposal group was classified as assets/liabilities held-for-sale as at 30 June 2024. The transaction was completed on 18 December 2024.

	Note	HK\$'m
Net assets disposed of		
Assets held-for-sale		
Property, plant and equipment		22.6
Right-of-use assets		10.1
Inventories		224.4
Trade and other receivables		82.3
Cash and bank balances		42.8
Liabilities directly associated with assets held-for-sale		
Trade and other payables		(164.9)
Lease liabilities		(6.5)
Taxation		(5.2)
		205.6
Profit on disposal	6	42.7
		248.3
Represented by		
Cash consideration received		257.2
Other payables		(8.9)
		248.3

31. RELATED PARTY TRANSACTIONS

- (a) Except for those disclosed, the following is a summary of significant related party transactions during the Current Period carried out in the normal course of the Group's business:

		For the six months ended 31 December	
		2024	2023
		HK\$m	HK\$m
	Note		
Transactions with affiliated companies	(i)		
Provision of other services	(iii)	0.3	0.3
Interest income	(iv)	66.0	75.3
Management fee income	(v)	12.8	13.2
Rental and other related expenses	(vi)	(0.7)	(1.2)
Other expenses	(viii)	(92.1)	(157.8)
Transactions with other related parties	(i)		
Provision of construction work services	(ii)	72.1	175.0
Provision of other services	(iii)	27.8	37.1
Interest income	(iv)	61.1	61.1
Rental, other related expenses and additions to right-of-use assets	(vi)	(1.2)	(14.3)
Mechanical and electrical engineering services	(vii)	(344.6)	(745.1)
Other expenses	(viii)	(112.7)	(112.8)

- (i) Transactions with affiliated companies include those with associated companies and joint ventures of the Group, except for those with KTSPL which are presented under "Transactions with other related parties".

Transactions with other related parties include those with group of companies of Chow Tai Fook Enterprises Limited ("CTF Enterprises") and New World Development Company Limited ("NWD") as well as Mr Doo Wai Hoi, William ("Mr Doo") and his associates which are not companies within the Group.

With effect from the close of business on 17 November 2023, Chow Tai Fook Capital Limited has become the ultimate holding company of the Company and CTF Enterprises has become an intermediate holding company of the Company.

CTF Enterprises is a substantial shareholder of NWD under the Listing Rules. NWD was the ultimate holding company of the Company before the close of business on 17 November 2023.

Mr Doo is the vice-chairman and a non-executive director of NWD and is the father of Mr William Junior Guilherme Doo, a non-executive director of the Company.

- (ii) Revenue from the provision of construction work services was charged in accordance with the relevant contracts.
- (iii) The Group provided various kinds of services including facilities management, property management and other services to certain affiliated companies and related parties. The services were provided and charged in accordance with the relevant contracts.

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

- (iv) Interest income was charged at relevant interest rates on the outstanding balances due from the affiliated companies or relevant yield on investments in debt instruments.
- (v) Management fee was charged at rates in accordance with the relevant contracts.
- (vi) Rental and other related expenses were charged and additions to right-of-use assets were measured in accordance with the respective tenancy agreements.
- (vii) Mechanical and electrical engineering services were charged in accordance with the relevant contracts.
- (viii) Other expenses include purchase of construction materials, laundry, security and guarding, landscaping, cleaning, property management and other services. The services were charged in accordance with the relevant contracts.

(b) Key management compensation

The aggregate amounts of emoluments of the directors of the Company (being the key management personnel) are as follows:

	For the six months ended 31 December	
	2024 HK\$m	2023 HK\$m
Remuneration	25.4	25.2

In addition to above, for the Last Period, the value of deemed share options benefits for directors amounted to HK\$29.8 million.

- (c) The total amounts receivable (before provision) from associated companies and joint ventures are HK\$5,843.7 million (30 June 2024: HK\$6,207.6 million). These balances are unsecured, of which HK\$2,655.5 million (30 June 2024: HK\$2,637.5 million) are interest bearing. These balances also include an amount of HK\$197.5 million (30 June 2024: HK\$197.5 million) which has been subordinated to certain indebtedness of a joint venture. The total amounts payable to associated companies and joint ventures are HK\$255.1 million (30 June 2024: HK\$245.0 million). These balances are unsecured and interest free. The pledge of a proportion of the Group's equity interest in a joint venture as security for a bank loan of that joint venture as at 31 December 2024 and 30 June 2024 is disclosed in note 15(d).
- (d) As at 31 December 2024, the Group held certain senior unsubordinated and unsecured notes issued by NWD (MTN) Limited, a wholly owned subsidiary of NWD. As at 31 December 2024, the fair value of these notes included as financial assets at FVPL is HK\$706.1 million (30 June 2024: HK\$1,038.6 million).

32. COMPARATIVE FIGURES

Certain comparative figures for the Last Period have been reclassified to conform with the presentation for the Current Period.

Financial Resources

TREASURY MANAGEMENT AND CASH FUNDING

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group operates a centralized treasury function to monitor its cash position, cash flow and debt profile as well as optimize its funding cost-efficiency. In order to maintain maximum financial flexibility with adequate liquidity for the Group's operations, potential investments and growth plans, the Group has built a strong base of funding resources and will continue to optimize our capital structure and expand our sources of funding which include perpetual capital securities and debt issuance in the capital markets as well as bank borrowings, both offshore and onshore, for which the proportion will change from time to time depending on the financial market conditions. The capital structure of the Group was 46% debt and 54% equity as at 31 December 2024, compared with 41% debt and 59% equity as at 30 June 2024. The Group has redeemed US\$268.2 million in aggregate principal amount of senior perpetual capital securities with floating rate coupon from a private investor in the Current Period. The Group has also issued US\$400 million 6.375% senior notes due 2028 in the Current Period which further improves its debt maturity profile.

In addition, with an aim to further broadening the Group's funding streams, to hedge against the currency exchange fluctuation in RMB whereby a significant portion of the Group's assets are denominated and to provide the Group with an alternative equity instrument at lower cost, the Company made an application to the CSRC and the Shanghai Stock Exchange in the Mainland for registration of perpetual corporate bonds in an aggregate amount of not more than RMB5.0 billion to be issued by the Company in multiple tranches as and when appropriate within two years from the receipt of the notice of acceptance of registration from the CSRC. The notice of acceptance was received from the CSRC in January 2025.

In January 2025, the Company issued HK\$780 million 4% convertible bonds due July 2025 with the primary objective of restoring its public float as required under Rule 8.08(1)(a) of the Listing Rules. The initial conversion price for the convertible bonds is HK\$8.043 per share. While the Company has no imminent funding needs, assuming no other change in the share capital of the Company, the issuance of the convertible bonds will help to increase its public float from approximately 23.83% at present to approximately 25.64% should the convertible bonds be fully converted into ordinary shares of the Company, thereby fulfilling the minimum requirement of 25%.

The Group manages its financial risks including mainly interest rate exposure and foreign exchange risks. Interest rate swap contracts are used to hedge against part of the Group's exposures to changes in interest rates, while foreign exchange forward contracts are used to hedge against foreign currency exposures of the Group's businesses which involve foreign currencies. Cross currency swap contracts are entered into and more RMB borrowings are raised to manage the Group's cost of funding and the exposure to foreign exchange risk mainly from RMB denominated assets. The Group's Insurance segment enters into bond forward, cross currency swaps and forward starting swaps contracts to hedge against its foreign currency risk from bond investments and its interest rate risk for bonds to be purchased respectively. The Group operates mainly in Hong Kong and the Mainland and did not have any material exposure to foreign exchange risk other than RMB and United States Dollar during the Current Period. Through a notable increase in RMB borrowings, including Panda Bonds* issued, raising offshore and onshore RMB bank loans and entering into cross currency swap contracts, about 78% of the Group's RMB denominated assets are naturally hedged as at 31 December 2024.

* "Panda Bonds" refers to RMB-denominated bonds issued by offshore incorporated entities in the domestic bond market in the Mainland.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2024, the Group's total cash and bank balances amounted to HK\$18,612.2 million, compared with HK\$14,788.0 million as at 30 June 2024. Including the total unutilized committed banking facilities amounted to approximately HK\$11.3 billion as at 31 December 2024, total available liquidity of the Group stood at approximately HK\$29.9 billion as at 31 December 2024. Cash and bank balances as at 31 December 2024 were mainly denominated as to 36% in Hong Kong Dollar, 48% in United States Dollar and 16% in RMB. The Group's net debt as at 31 December 2024 was HK\$16,083.5 million, compared with HK\$15,107.4 million as at 30 June 2024. The slight increase in net debt was mainly due to the redemption of certain portion of the Group's perpetual capital securities during the Current Period. The Group's net gearing ratio increased from 35% as at 30 June 2024 to 39% as at 31 December 2024.

DEBT PROFILE AND MATURITY

In order to manage the risks of higher-for-longer interest rates associated with Hong Kong Dollar borrowings and the negative impact on the Group's equity resulting from potential further depreciation of RMB against Hong Kong Dollar, the Group continues to adopt a debt structure characterized by high proportion of RMB borrowings which offers both a lower effective borrowing costs and a natural hedge to its RMB denominated assets. As at 31 December 2024, after taking into account cross currency swap contracts entered, RMB borrowings and Hong Kong Dollar borrowings accounted for 63% and 37% respectively of the Group's total debt (30 June 2024: 60% and 39%).

As at 31 December 2024, the Group's total debt increased to HK\$34,695.7 million from HK\$29,895.4 million as at 30 June 2024. The Group has managed to spread out its debt maturity profile to reduce refinancing risks. Amongst the total debt as at 31 December 2024, 7% will mature in the next 12-month, 36% will mature in the second year, 51% will mature in the third to fifth year and 6% will mature after the fifth year. As a result of the favorable movement in both Hong Kong Interbank Offered Rate in Hong Kong and Loan Prime Rate in the Mainland as well as the continued shift in our debt mix in the Current Period, the average borrowing cost of the Group's debt portfolio decreased to approximately 4.2% per annum, significantly lower than 4.8% per annum in Last Period. As at 31 December 2024, the Group has provided pledges over the concession rights of operation of Changliu Expressway and Sui-Yue Expressway as securities for bank loans made to the subsidiary companies which own and operate the expressways. The Group has also provided a pledge over a proportion of equity interest in a joint venture as a security for bank loans of that joint venture. Besides, the Group has provided pledges over the investment properties which include a logistics centre in Suzhou as well as certain office units and carpark spaces in Hong Kong as securities for certain bank loans of the Group.

COMMITMENTS

As at 31 December 2024, the Group has been committed for capital and loan contributions to certain associated companies, joint ventures as well as investment funds, financial and other investments of HK\$4,689.9 million (30 June 2024: HK\$5,130.0 million) as well as additions of property, plant and equipment and intangible assets of HK\$232.8 million (30 June 2024: HK\$129.4 million). In addition, the Group's commitment as at 31 December 2024 also included the amount for acquisition of the entire issued share capital and shareholder's loan of Hsin Chong Aster at an initial consideration of HK\$538.6 million, subject to adjustment, and so adjusted of not less than HK\$311.0 million but not more than HK\$1,000.0 million. Sources of funds for capital expenditures include internal resources of the Group and committed external financing from reputable international banks.

FINANCIAL GUARANTEE

Financial guarantee of the Group were HK\$5,060.0 million as at 31 December 2024, compared with HK\$4,839.5 million as at 30 June 2024. These comprised guarantees for banking facilities of associated companies and joint ventures.

In addition, a joint and several guarantee in favour of the Hong Kong Government for the punctual, true and faithful performance and observance by KTSPL under the contract entered into between the Hong Kong Government and KTSPL for the design, construction and operation of KTSP is provided by its shareholders. KTSPL is an associated company of the Group in which the Group has a 25% interest. Taking into consideration the deed of counter-indemnity which has been entered into, the Group's guarantee towards KTSPL is up to the extent of 25% of the contract sum or an amount of approximately HK\$7.5 billion as at 31 December 2024 and 30 June 2024.

Under the main transaction agreement and the related transaction documents in relation to the disposal of aircraft leasing business by Goshawk to SMBC, the Group provides a financial guarantee to support the performance of Goshawk of its payment obligation to satisfy claims that may be brought by SMBC against Goshawk. The Group's potential liability under the financial guarantee is limited to a total amount of US\$197.1 million (equivalent to approximately HK\$1,537.4 million) as at 31 December 2024 and 30 June 2024.

Interim Ordinary Dividend and Special Dividend

The Board has resolved to declare an Interim Ordinary Dividend of HK\$0.30 per share and Special Dividend of HK\$0.30 per share for FY2025, both payable in cash, to the shareholders of the Company whose names appear on the register of members of the Company on 21 March 2025. It is expected that the Interim Ordinary Dividend and Special Dividend will be paid on or about 9 April 2025. Including the Interim Ordinary Dividend and the Special Dividend, Total Interim Dividend for the Current Period therefore amounts to HK\$0.60 per share.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the Interim Ordinary Dividend and the Special Dividend, the register of members of the Company will be closed with details as set out below:

Latest time to lodge transfer documents for registration	4:30 p.m. on 20 March 2025
Closure of register of members	21 March 2025
Record date	21 March 2025
Interim Ordinary Dividend and Special Dividend payment date	on or about 9 April 2025

On the abovementioned closure date, no transfer of shares will be registered. In order to qualify for the Interim Ordinary Dividend and the Special Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than the aforementioned latest time.

Disclosure Pursuant to Rule 13.22 of the Listing Rules

As at 31 December 2024, the Group has provided financial assistance, by way of shareholders' loans or advances, in the aggregate amount of HK\$5,843.7 million to its affiliated companies (included in the amounts disclosed in notes 14, 15 and 19 to the interim financial statements), guarantees given for bank loans and other credit facilities for the benefit of the affiliated companies and the guarantees in relation to KTSPL and Goshawk in the aggregate amount of approximately HK\$14,097.4 million (included in the amounts disclosed in note 29 to the interim financial statements) and contracted to provide an aggregate amount of HK\$1,635.5 million in capital and loan contributions to affiliated companies (included in the amount disclosed in note 28 to the interim financial statements). The said amounts, in aggregate, represent approximately 13.5% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. Affiliated companies include associated companies and joint ventures of the Group.

The advances are unsecured, interest free and have no definite repayment terms except for (i) an amount of HK\$77.5 million which carries interest at 8% per annum; (ii) an amount of HK\$7.6 million which carries interest at Hong Kong prime rate; (iii) aggregated amounts of HK\$1,630.0 million which carry interest at 6-month Hong Kong Interbank Offered Rate plus a margin of 1.3% per annum and are not repayable within the next 12 months from the end of the reporting period; (iv) an amount of HK\$593.3 million which carries compound interest at 5% per annum; (v) an amount of HK\$124.8 million which carries interest at Secured Overnight Financing Rate administered by the Federal Reserve Bank of New York plus a margin of 12.15% per annum; (vi) an amount of HK\$145.7 million which carries interest at 4% per annum; (vii) aggregated amounts of HK\$76.6 million which carry interest at 3.65% per annum and are not repayable within the next 12 months from the end of the reporting period; and (viii) aggregated amounts of HK\$602.8 million which are not repayable within the next 12 months from the end of the reporting period. The advances also include an amount of HK\$197.5 million which has been subordinated to certain indebtedness of an affiliated company. Contracted capital and loan contributions to affiliated companies would be funded by internally generated resources and banking facilities of the Group.

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2024 are presented as follows:

	Proforma combined statement of financial position HK\$m	The Group's attributable interest HK\$m
Total assets	59,682.5	26,095.4
Total liabilities	(40,628.0)	(17,434.5)
	19,054.5	8,660.9

The proforma combined statement of financial position of the affiliated companies is prepared by combining their statements of financial position, after making adjustments to conform with the Group's material accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2024.

Additional Information

CORPORATE GOVERNANCE PRACTICES

The Board firmly believes that good corporate governance is fundamental to delivering strategic goals, enhancing shareholder value and balancing stakeholders' interests. The Company has been committed to maintaining a high standard of corporate governance and to devoting considerable effort to improve its practices in light of the regulatory requirements and expectation of the investors.

Throughout the Current Period, the Company has complied with all the applicable code provisions under the Corporate Governance Code as contained in Appendix C1 of the Listing Rules.

DEALINGS IN THE COMPANY'S SECURITIES BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code") as its own code of conduct for securities transactions by directors. Specific enquiry was made with all directors of the Company and it was established that they had all complied with the required standard of the Model Code during the Current Period.

The Company has also adopted the "Code for Securities Transactions by Relevant Employees", which is no less exacting than the Model Code, for governing the securities transactions of specified employees ("Relevant Employees") who, because of their positions, are likely to come across unpublished inside information. Following specific enquiry by the Company, all Relevant Employees had confirmed that they complied with the standard set out in the "Code for Securities Transactions by Relevant Employees" during the Current Period.

UPDATE ON DIRECTORS' INFORMATION

Changes in the information of directors of the Company since the disclosure made in the 2024 annual report of the Company and up to the date of this report, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

- Mr Ho Gilbert Chi Hang was appointed as a director of CTF Enterprises, a holding company and substantial shareholder of the Company, on 1 November 2024. He was also appointed as an executive director of NWD, a listed public company in Hong Kong, on 29 November 2024.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee of the Company was set up by the Board with specific terms for the purpose of reviewing and providing supervision over, inter alia, the Group's financial reporting process, and risk management and internal control systems. It currently comprises three independent non-executive directors of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the Current Period with the management and the external auditor. The Audit Committee has also reviewed this interim report.

The unaudited consolidated interim results of the Group for the Current Period have been reviewed by the Company's external auditor, PricewaterhouseCoopers, 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.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2024, the directors of the Company had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or were recorded in the register kept by the Company pursuant to Section 352 of the SFO or were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

(a) Long position in shares

Name	Number of shares			Total	Approximate percentage of shareholding as at 31.12.2024
	Personal interests	Family interests	Corporate interests		
The Company					
(Ordinary shares)					
Mr William Junior Guilherme Doo	–	125,932 ⁽¹⁾	–	125,932	0.003%
<i>Associated corporation:</i>					
Chow Tai Fook Jewellery Group Limited (“CTFJ”)					
(Ordinary shares)					
Dr Cheng Kar Shun, Henry	20,100,000	420,000 ⁽²⁾	–	20,520,000	0.205%

Notes:

(1) The shares were held by the spouse of Mr William Junior Guilherme Doo.

(2) The shares were held by the spouse of Dr Cheng Kar Shun, Henry.

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

(b) Long position in underlying shares

CTFJ – share awards

Under the share award scheme of CTFJ, the Company's associated corporation, the following director of the Company had personal interest in unvested awards for ordinary shares of CTFJ. Details of the share awards granted by CTFJ to the director are as follows:

Name	Balance as at 01.07.2024 (Note 1)	Granted during the period (Note 2)	Vested during the period	Lapsed/cancelled during the period	Balance as at 31.12.2024
Dr Cheng Kar Shun, Henry	335,600	854,400	–	–	1,190,000

Note 1: Date of grant – 10 August 2023, at nil consideration

Date of vesting – 1 July 2026, subject to fulfilment of performance targets and other requirements

Note 2: Date of grant – 7 October 2024, at nil consideration

Date of vesting – 1 July 2027, subject to fulfilment of performance targets and other requirements

Save as disclosed above, as at 31 December 2024, none of the directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations as defined in the SFO which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or were recorded in the register kept by the Company pursuant to Section 352 of the SFO or were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

A share option scheme of the Company (the "2021 Share Option Scheme") has been approved by the shareholders of the Company and NWD at their respective annual general meetings and the 2021 Share Option Scheme became effective on 23 November 2021. On 13 January 2025, the Board passed a resolution to amend the rules relating to the 2021 Share Option Scheme to reflect the change of name of the Company and the change of holding company of the Company.

At the beginning of and during the Current Period, no share option of the Company has been granted or exercised or has lapsed or cancelled under the 2021 Share Option Scheme. The number of share options available for grant under the 2021 Share Option Scheme at the beginning and the end of the Current Period was 307,216,934.

On 24 January 2025, 99,969,342 share options, each carrying right to subscribe for one new ordinary share of the Company, were offered to be granted under the 2021 Share Option Scheme. By the close of offer of the grant of share options on 6 February 2025, a total of 99,598,230 share options have been accepted and the number of share options available for grant under the 2021 Share Option Scheme then became 207,618,704.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2024, so far as are known to the directors of the Company, the following parties (other than a director or chief executive of the Company) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO, or were recorded in the register kept by the Company under Section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Number of shares			Approximate percentage to the total number of issued shares of the Company as at 31.12.2024
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited	–	3,044,748,215 ⁽¹⁾	3,044,748,215	76.17%
Cheng Yu Tung Family (Holdings II) Limited	–	3,044,748,215 ⁽²⁾	3,044,748,215	76.17%
Chow Tai Fook Capital Limited ("CTFC")	–	3,044,748,215 ⁽³⁾	3,044,748,215	76.17%
Chow Tai Fook (Holding) Limited ("CTFH")	–	3,044,748,215 ⁽⁴⁾	3,044,748,215	76.17%
CTF Enterprises	97,034,424	2,925,701,291 ⁽⁵⁾	3,022,735,715	75.61%
Century Acquisition Limited ("CAL")	2,925,701,291	–	2,925,701,291	73.19%

Notes:

- (1) Cheng Yu Tung Family (Holdings) Limited held approximately 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (2) Cheng Yu Tung Family (Holdings II) Limited held approximately 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (3) CTFC held approximately 81.03% direct interest in CTFH and was accordingly deemed to have an interest in the shares deemed to be interested by CTFH.
- (4) CTFH held 100% direct interest in CTF Enterprises and was accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Enterprises. CTFH also held 99.90% direct interest in Chow Tai Fook Nominee Limited ("CTFN") and was accordingly deemed to have an interest in the 22,012,500 shares interested by CTFN. CTFN held 22,012,500 shares of the Company.
- (5) CTF Enterprises held 100% direct interest in CAL and was accordingly deemed to have an interest in the shares interested by CAL.
- (6) All the interests stated above represented long positions.

Save as disclosed above, as at 31 December 2024, there was no other person (other than the directors or chief executive of the Company whose interests in shares, underlying shares and debentures of the Company or any of its associated corporations are set out on pages 67 and 68) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, approximately 12,800 staff were employed by entities under the Group's management, of which approximately 3,200 staff were employed in Hong Kong. Total staff related costs including provident funds, staff bonus and deemed share option benefits but excluding directors' remunerations and their deemed share option benefits during the Current Period were HK\$1.459 billion (2023: HK\$1.404 billion). Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structured training programmes were provided by the Group to employees on an ongoing basis.

MAJOR ACQUISITIONS AND DISPOSALS

1. On 22 July 2024, Power Might Enterprises Limited (the "Purchaser"), an indirect wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Efficient League Limited and Golden Celosia Limited as the vendors (Golden Celosia Limited being wholly owned by CTFN) and CTFN as the vendor guarantor, pursuant to which the Purchaser agreed to acquire the entire issued share capital of Hsin Chong Aster, together with the shareholder's loan owing by Hsin Chong Aster to Golden Celosia Limited, at an aggregate initial consideration of HK\$538.6 million, subject to adjustment, and so adjusted of not less than HK\$311.0 million but not more than HK\$1,000 million. The acquisition is yet to complete up to the date of this report. Upon completion, Hsin Chong Aster will become an indirect wholly owned subsidiary of the Company.
2. On 14 October 2024, Hyva I B.V. (a joint venture held as to 50% indirectly by the Company) and one of its subsidiaries entered into a conditional sale and purchase agreement with Jost-Werke International Beteiligungsverwaltung GmbH for the disposal of all of their entire interests in the Hyva Group. The enterprise value of the Hyva Group under the disposal amounted to US\$425 million. The transaction was completed in January 2025 along with the assignment of all indebtedness owing by the Hyva Group to the shareholders of Hyva I B.V.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries, associates and joint ventures during the Current Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Current Period, Celestial Miles Limited, an indirect wholly owned subsidiary of the Company, redeemed the 2022 Perpetual Capital Securities in the aggregate principal amount of US\$268.2 million. All the outstanding 2022 Perpetual Capital Securities were redeemed.

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Current Period. As at 31 December 2024, the Company did not hold any treasury shares.

Dr Cheng Kar Shun, Henry

Chairman

Hong Kong, 26 February 2025

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr Cheng Kar Shun, Henry (*Chairman*)
Mr Cheng Chi Ming, Brian (*Co-Chief Executive Officer*)
Mr Ho Gilbert Chi Hang (*Co-Chief Executive Officer*)
Mr Lam Jim (*Chief Operating and Financial Officer*)
Mr Cheng Chi Leong, Christopher

Non-executive Directors

Mr William Junior Guilherme Doo
(*alternate director to Mr William Junior Guilherme Doo:*
Mr Lam Wai Hon, Patrick)
Mr Tsang On Yip, Patrick

Independent Non-executive Directors

Mr Shek Lai Him, Abraham
Mr Lee Yiu Kwong, Alan
Mrs Oei Wai Chi Grace Fung
Mr Wong Kwai Huen, Albert
Professor Chan Ka Keung, Ceajer
Ms Ng Yuen Ting, Yolanda

BOARD COMMITTEES

Executive Committee

Dr Cheng Kar Shun, Henry (*Chairman*)
Mr Cheng Chi Ming, Brian
Mr Ho Gilbert Chi Hang
Mr Lam Jim
Mr Cheng Chi Leong, Christopher

Audit Committee

Professor Chan Ka Keung, Ceajer (*Chairman*)
Mr Shek Lai Him, Abraham
Mr Lee Yiu Kwong, Alan

Remuneration Committee

Mr Shek Lai Him, Abraham (*Chairman*)
Mr Cheng Chi Ming, Brian
Mr Ho Gilbert Chi Hang
Mr Lee Yiu Kwong, Alan
Professor Chan Ka Keung, Ceajer

Nomination Committee

Mr Lee Yiu Kwong, Alan (*Chairman*)
Mr Cheng Chi Ming, Brian
Mr Ho Gilbert Chi Hang
Mr Shek Lai Him, Abraham
Professor Chan Ka Keung, Ceajer

Environmental, Social and Governance Committee

Mr Wong Kwai Huen, Albert (*Chairman*)
Mr Cheng Chi Ming, Brian
Mr Ho Gilbert Chi Hang
Mr Lam Jim
Mr Lee Yiu Kwong, Alan
Mrs Oei Wai Chi Grace Fung
Ms Ng Yuen Ting, Yolanda

COMPANY SECRETARY

Mr Tang Wai Yau

Corporate Information

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Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

21/F., NCB Innovation Centre
888 Lai Chi Kok Road
Cheung Sha Wan
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
BNP Paribas Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
China Merchants Bank Co., Ltd., Beijing Branch
Crédit Agricole Corporate and Investment Bank
DBS Bank Ltd. Hong Kong Branch
Hang Seng Bank, Limited
Mizuho Bank, Ltd. Hong Kong Branch
MUFG Bank, Ltd. Hong Kong Branch
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation
Hong Kong Branch
The Hongkong and Shanghai Banking
Corporation Limited

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