



CAPITAL ESTATE LIMITED
冠中地產有限公司

(Incorporated in Hong Kong with limited liability)
Stock Code: 193



**INTERIM
REPORT
2023/2024**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Sio Lai Na (appointed on 13th December, 2023)
Chu Nin Yiu, Stephen (*Chief Executive Officer*)
Tsui Wing Tak (resigned on 13th December, 2023)

Non-Executive Director

Sio Lai Nga (appointed on 13th December, 2023)
Lam Yiu Cho (resigned on 13th December, 2023)

Independent Non-Executive Directors

Yeung Chi Wai
Wong Kwong Fat
Chan Shu Yan, Stephen

COMPANY SECRETARY

Cham Wing Yeung, Andrew

AUTHORISED REPRESENTATIVES

Chu Nin Yiu, Stephen
Cham Wing Yeung, Andrew

AUDIT COMMITTEE

Yeung Chi Wai (*Chairman*)
Wong Kwong Fat
Chan Shu Yan, Stephen

REMUNERATION COMMITTEE

Chan Shu Yan, Stephen (*Chairman*)
Wong Kwong Fat
Yeung Chi Wai
Chu Nin Yiu, Stephen

NOMINATION COMMITTEE

Wong Kwong Fat (*Chairman*)
Yeung Chi Wai
Chan Shu Yan, Stephen
Sio Lai Na (appointed on 13th December, 2023)
Chu Nin Yiu, Stephen

LEGAL ADVISER

Dechert

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKER

Industrial and Commercial Bank of
China (Asia) Limited
The Hongkong and Shanghai Banking
Corporation Limited

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

REGISTERED OFFICE

13th Floor, Bonham Majoris
40 Bonham Strand
Sheung Wan
Hong Kong

STOCK CODE

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31ST JANUARY, 2024

	NOTES	Six months ended	
		31.1.2024 HK\$'000 (unaudited)	31.1.2023 HK\$'000 (unaudited)
Revenue			
Contracts with customers	3	10,839	2,771
Interest under effective interest method	3	14,042	14,082
Cost of sales		(2,836)	(542)
Direct operating costs		(1,958)	(1,346)
Gross profit		20,087	14,965
Other income		9,060	5,924
Other gain and loss	4	2,218	8,619
Impairment losses under expected credit loss ("ECL") model, net		(5,443)	(6,440)
Marketing expenses		(2,457)	(3,023)
Administrative expenses		(21,820)	(21,496)
Other hotel operating expenses		(5,677)	(6,420)
Share of profit (loss) of an associate		8,939	(4,392)
Finance cost		(2)	(24)
Profit (loss) before taxation		4,905	(12,287)
Income tax credit	5	45	393
Profit (loss) for the period	6	4,950	(11,894)
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(862)	(789)
Total comprehensive income (expense) for the period		4,088	(12,683)
Profit (loss) for the period attributable to:			
Owners of the Company		6,326	(9,820)
Non-controlling interests		(1,376)	(2,074)
		4,950	(11,894)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		5,658	(10,411)
Non-controlling interests		(1,570)	(2,272)
		4,088	(12,683)
Earning (loss) per share			
Basic – HK cents	7	3.26	(5.05)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST JANUARY, 2024

	NOTES	31.1.2024 HK\$'000 (unaudited)	31.7.2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	194,694	191,070
Right-of-use assets		25,151	25,924
Interest in an associate		153,814	144,875
Deposit and prepayment for a life insurance policy		11,550	11,560
Receivables from customers of consumer finance service	9	14,545	17,510
		399,754	390,939
Current assets			
Properties held for sale		36,291	39,242
Inventories		327	481
Trade and other receivables	10	39,708	33,531
Receivables from customers of consumer finance service	9	49,348	60,320
Amount due from an associate	17(c)	7,502	7,524
Prepaid income tax		2,186	1,595
Financial assets at fair value through profit or loss ("FVTPL")	11	100,347	78,367
Pledged bank deposit	16	649	646
Bank balances and cash		169,161	191,297
		405,519	413,003
Current liabilities			
Trade and other payables	12	6,688	11,063
Contract liabilities		3,840	2,110
Amounts due to related parties	17(c)	2,068	2,068
Tax payable		2,496	1,890
		15,092	17,131
Net current assets		390,427	395,872
Total assets less current liabilities		790,181	786,811
Non-current liability			
Deferred tax liability		20,183	20,901
Net assets		769,998	765,910
Capital and reserves			
Share capital	13	1,518,519	1,518,519
Reserves		(692,898)	(698,556)
Equity attributable to owners of the Company		825,621	819,963
Non-controlling interests		(55,623)	(54,053)
Total equity		769,998	765,910

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST JANUARY, 2024

	Attributable to owners of the Company								Non-controlling interests		Total
	Share capital	Capital reserve	Share option reserve	Capital reduction reserve	Translation reserve	Revaluation reserve	FVTOCI reserve	Accumulated losses	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st August, 2022 (audited)	1,518,519	157	23,542	170,583	62	51,510	(73,778)	(826,797)	863,798	(45,726)	818,072
Loss for the period	-	-	-	-	-	-	-	(9,820)	(9,820)	(2,074)	(11,894)
Other comprehensive expense for the period	-	-	-	-	(591)	-	-	-	(591)	(198)	(789)
Total comprehensive expense for the period	-	-	-	-	(591)	-	-	(9,820)	(10,411)	(2,272)	(12,683)
Balance at 31st January, 2023 (unaudited)	1,518,519	157	23,542	170,583	(529)	51,510	(73,778)	(836,617)	853,387	(47,998)	805,389
Balance at 1st August, 2023 (audited)	1,518,519	157	23,542	170,583	(13,806)	51,510	(73,778)	(856,764)	819,963	(54,053)	765,910
Profit (loss) for the period	-	-	-	-	-	-	-	6,326	6,326	(1,376)	4,950
Other comprehensive expense for the period	-	-	-	-	(668)	-	-	-	(668)	(194)	(862)
Total comprehensive income (expense) for the period	-	-	-	-	(668)	-	-	6,326	5,658	(1,570)	4,088
Balance at 31st January, 2024 (unaudited)	1,518,519	157	23,542	170,583	(14,474)	51,510	(73,778)	(850,438)	825,621	(55,623)	769,998

Note: "FVTOCI" represents fair value through other comprehensive income.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31ST JANUARY, 2024

	Six months ended	
	31.1.2024 HK\$'000 (unaudited)	31.1.2023 HK\$'000 (unaudited)
Net cash from operating activities		
Profit (loss) before taxation	4,905	(12,287)
Depreciation of property, plant and equipment	5,069	5,707
Impairment loss under ECL model, net	5,443	6,440
Share of (profit) loss of an associate	(8,939)	4,392
Increase in fair value of financial assets at FVTPL	(2,218)	(5,175)
Increase in fair value of derivative financial instruments	–	(880)
Decrease in properties held for sale	2,836	541
Increase in trade and other receivables	(6,286)	(3,691)
Decrease (increase) in receivables from customers of consumer finance service	8,495	(11,608)
Increase in financial assets at FVTPL	(19,762)	(36,578)
Decrease in trade and other payables	(4,393)	(3,450)
Increase in contract liabilities	1,736	–
Income tax paid	(595)	(71,430)
Other items	(2,513)	(1,031)
	(16,222)	(129,050)
Net cash from investing activities		
Interest received	3,019	1,958
Purchase of property, plant and equipment	(9,249)	–
Proceeds on disposal of property, plant and equipment	370	–
	(5,860)	1,958
Net cash used in financing activities		
Repayments of lease liabilities	–	(40)
Interest paid	(2)	(24)
	(2)	(64)
Net decrease in cash and cash equivalents	(22,084)	(127,156)
Cash and cash equivalents at beginning of the period	191,297	336,137
Effect of foreign exchange rate changes	(52)	(284)
Cash and cash equivalents at end of the period, represented by bank balances and cash	169,161	208,697

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31ST JANUARY, 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Capital Estate Limited (the “Company”) have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31st July, 2023 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of The Hong Kong Companies Ordinance is as follows:

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

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31st January, 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31st July, 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1st August, 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Six months ended	
	31.1.2024 HK\$'000	31.1.2023 HK\$'000
Type of goods or service		
Revenue from hotel operations		
– Room rentals	6,300	1,632
– Food and beverage sales	288	18
– Rendering of ancillary services	40	10
Revenue from sale of properties held for sale	4,211	1,111
	10,839	2,771
Geographical market		
Mainland China	10,839	2,771
Timing of revenue recognition		
A point in time	4,539	1,139
Overtime	6,300	1,632
	10,839	2,771

Interest under effective interest method

	Six months ended	
	31.1.2024 HK\$'000	31.1.2023 HK\$'000
Interest income from receivables from customers of consumer finance service	14,042	14,082

Segment information

The Group's reportable and operating segments, based on information reported to the chief operating decision maker ("CODM"), representing the executive directors of the Company, for the purpose of allocating resource to segments and assessing their performance are as follows:

Hotel operations	–	hotel business and its related services
Financial investment	–	trading of listed securities and other financial instruments
Property	–	sale of properties held for sale
Consumer finance	–	provision of consumer finance service

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information regarding these segments is reported below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Six months ended 31st January, 2024

	Hotel operations HK\$'000	Financial investment HK\$'000	Property HK\$'000	Consumer finance HK\$'000	Total HK\$'000
Gross proceeds	6,628	15,823	4,211	14,042	40,704
Segment revenue	6,628	–	4,211	14,042	24,881
Segment (loss) profit	(6,734)	6,139	1,190	(1,470)	(875)
Unallocated income					2,983
Unallocated expenses					(6,140)
Finance cost					(2)
Share of profit of an associate					8,939
Profit before taxation					4,905

Six months ended 31st January, 2023

	Hotel operations HK\$'000	Financial investment HK\$'000	Property HK\$'000	Consumer finance HK\$'000	Total HK\$'000
Gross proceeds	1,660	42,322	1,111	14,082	59,175
Segment revenue	1,660	–	1,111	14,082	16,853
Segment (loss) profit	(8,921)	10,612	234	51	1,976
Unallocated income					180
Unallocated expenses					(10,027)
Finance cost					(24)
Share of loss of an associate					(4,392)
Loss before taxation					(12,287)

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Segment (loss) profit represents the (loss incurred) profit earned by each segment without allocation of certain other income, central administration costs, directors' salaries, finance cost and share of loss of an associate. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Other segment information

The following other segment information is included in the measure of segment (loss) profit:

For the six months ended 31st January, 2024

	Hotel operations HK\$'000	Financial investment HK\$'000	Property HK\$'000	Consumer finance HK\$'000	Unallocated HK\$'000	Segment total HK\$'000
Depreciation of property, plant and equipment	(4,980)	-	-	(15)	(74)	(5,069)
Depreciation of right-of-use assets	(697)	-	-	-	-	(697)
Bank and other interest income	10	8	-	199	2,984	3,201
Interest income from financial assets at FVTPL	-	3,937	-	-	-	3,937
Gain on disposal of property, plant and equipment	-	-	-	-	355	355

For the six months ended 31st January, 2023

	Hotel operations HK\$'000	Financial investment HK\$'000	Property HK\$'000	Consumer finance HK\$'000	Unallocated HK\$'000	Segment total HK\$'000
Depreciation of property, plant and equipment	(5,677)	-	-	-	(30)	(5,707)
Depreciation of right-of-use assets	(743)	-	-	-	(69)	(812)
Bank and other interest income	104	1,590	-	260	179	2,133
Interest income from financial assets at FVTPL	-	480	-	-	-	480

4. OTHER GAIN AND LOSS

	Six months ended	
	31.1.2024 HK\$'000	31.1.2023 HK\$'000
Increase in fair value of financial assets at FVTPL	2,218	5,175
Increase in fair value of derivative financial instruments	-	880
Dividend income from financial assets at FVTPL	-	2,564
	2,218	8,619

5. INCOME TAX CREDIT

	Six months ended	
	31.1.2024 HK\$'000	31.1.2023 HK\$'000
Income tax expense comprises:		
Current tax		
PRC land appreciation tax	(611)	(161)
Deferred taxation	656	554
	45	393

No provision for Hong Kong Profits Tax has been made for both periods as the Company and its subsidiaries did not generate any assessable profits for the periods or have available tax losses brought forward from prior years to offset against assessable profits for both periods.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in the PRC is 25% for both periods.

The provision for PRC land appreciation tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

No provision for PRC enterprise income tax has been made for both periods as the subsidiary in the PRC did not generate any assessable profit for both periods.

6. PROFIT (LOSS) FOR THE PERIOD

	Six months ended	
	31.1.2024 HK\$'000	31.1.2023 HK\$'000
Loss for the period has been arrived at after charging (crediting):		
Depreciation included in:		
– other hotel operating expenses	4,980	5,677
– administrative expenses	89	30
Depreciation of right-of-use assets	697	812
Included in other income:		
– Bank and other interest income	(3,201)	(2,133)
– Interest income from financial assets at FVTPL	(3,937)	(480)
– Gain on disposal of property, plant and equipment	(355)	–

7. EARNING (LOSS) PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Six months ended	
	31.1.2024 HK\$'000	31.1.2023 HK\$'000
Profit (loss) for the period attributable to owners of the Company for the purposes of basic loss per share	6,326	(9,820)
	Number of shares	Number of shares
Number of ordinary shares for the purposes of basic loss per share	194,337,559	194,337,559

No diluted earnings per share is presented for both interim periods as there are no dilutive potential ordinary shares during both periods.

8. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment for a cash consideration of HK\$9,249,000 (for six months ended 31st January, 2023: nil).

In addition, the Group disposed of certain property, plant and equipment during the period with an aggregate carrying amount of HK\$15,000 for proceeds of HK\$370,000, resulting in a gain on disposal of HK\$355,000. No property, plant and equipment was disposed of during the period ended 31st January, 2023.

9. RECEIVABLES FROM CUSTOMERS OF CONSUMER FINANCE SERVICE

Receivables from customers of consumer finance service represent receivables from the provision of consumer loan to a large number of customers with loan to individual customer ranging from HK\$2,000 to HK\$300,000 (31st July, 2023: HK\$2,000 to HK\$120,000). The receivables are unsecured and carry interest at fixed rate ranged from 4% to 48% (31st July, 2023: from 26% to 48%) which is determined based on factors including loan term, principal amount and credit history of individual customer. The amounts are to be settled by customers through installments over the loan term.

As at 31st January, 2024, impairment losses under ECL model amounting to HK\$11,590,000 (31st July, 2023: HK\$13,783,000) are recognised. At the end of reporting period, aggregate net balances with customers of consumer finance service with payment past due are HK\$790,000 (31st July, 2023: HK\$1,643,000).

The analysis of the Group's receivables from customers of consumer finance service by their respective contractual maturity dates, net of provision, is as follows:

	31.1.2024 HK\$'000	31.7.2023 HK\$'000
Within one month	4,196	4,531
Six months or less but over one month	23,351	28,046
One year or less but over six months	21,801	27,743
Over one year	14,545	17,510
	63,893	77,830
Analysed as:		
Current portion	49,348	60,320
Non-current portion	14,545	17,510
	63,893	77,830

10. TRADE AND OTHER RECEIVABLES

The hotel revenue is normally settled by cash or credit card. The Group allows an average credit period of 30 days to its trade customers of hotel business. The following is an analysis of trade receivables, presented based on invoice date.

	31.1.2024 HK\$'000	31.7.2023 HK\$'000
0 to 30 days	322	274
31 to 60 days	4	190
61 to 90 days	454	5
91 days or above	320	333
	1,100	802

As part of the Group's credit risk management, the Group uses debtors' past due status to assess the impairment for its customers because these customers consist of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure that relevant information about specific debtors is updated.

No impairment allowance was recognised for trade receivables based on the provision matrix for both periods.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.1.2024 HK\$'000	31.7.2023 HK\$'000
Listed debt securities in Hong Kong	21,512	28,341
Listed debt securities overseas	78,835	50,026
	100,347	78,367

The fair values of the above investments were determined based on the quoted market bid prices at the close of business at the end of the reporting period.

12. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables, presented based on invoice date.

	31.1.2024 HK\$'000	31.7.2023 HK\$'000
0 to 30 days	162	62
31 to 60 days	61	52
61 to 90 days	57	28
91 days or above	136	54
	416	196

13. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Issued and fully paid:		
Ordinary shares with no par value		
At 1st August, 2022, 31st July, 2023 and 31st January, 2024	194,337,559	1,518,519

14. SHARE-BASED PAYMENT TRANSACTIONS

The Company had a share option scheme adopted on 7th December, 2012 which was expired on 6th December, 2022.

No share option was granted or remained outstanding under the scheme during the six months ended 31st January, 2023 and before expiry of the scheme.

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

Some of the Group's financial instruments are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis *(Continued)*

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs and sensitivity analysis
	31.1.2024 HK\$'000	31.7.2023 HK\$'000			
Listed debt securities at FVTPL	100,347	78,367	Level 1	Quoted bid prices in active market	N/A

There were no transfers among Level 1, 2 and 3 during both periods.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their respective fair values.

16. PLEDGE OF ASSETS

At 31st January 2024, bank deposit of HK\$649,000 (31st July, 2023: HK\$646,000) was pledged to banks to secure credit facilities to the extent of HK\$600,000 (31st July, 2023: HK\$600,000) granted to the Group, of which HK\$2,000 was utilised by the Group (31st July, 2023: nil).

17. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel:

The remuneration of directors, who are the key management personnel of the Group, during the period was as follows:

	Six months ended	
	31.1.2024 HK\$'000	31.1.2023 HK\$'000
Short-term benefits	1,877	1,411
Post-employment benefits	5	–
	1,882	1,411

The remuneration of the key management personnel is determined by the board of directors of the Company after considering recommendation from the Remuneration Committee, having regard to the performance of individuals and market trends.

17. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions

During the period, the Group entered into the following transaction with a related party:

Related party	Nature of transaction	Six months ended	
		31.1.2024 HK\$'000	31.1.2023 HK\$'000
Related company (Note)	Expense related to short-term leases	857	721

Note: The related company is controlled by a former director of the Company who is also a former shareholder of the Company.

(c) Other related party transactions and balances

The amount due from an associate is unsecured, non-interest bearing, non-trade in nature and repayable on demand.

The amounts due to related parties are unsecured, non-interest bearing, non-trade in nature and repayable on demand. They comprise amounts due to the following parties:

	31.1.2024 HK\$'000	31.7.2023 HK\$'000
Non-controlling shareholders of certain subsidiaries of the Company	2,068	2,068

18. FINANCIAL GUARANTEES

At 31st January, 2024, the Group provided guarantees of HK\$11,487,000 (31st July, 2023: HK\$15,053,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted. The directors of the Company consider that the fair value on initial recognition and ECL of such guarantees and at the end of reporting period was insignificant.

INTERIM DIVIDEND

The directors do not recommend the payment of any dividends for the six months ended 31st January, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE RESULTS

The Group reported revenue of HK\$24.9 million for the six months ended 31st January, 2024 (six months ended 31st January, 2023: HK\$16.9 million), which comprised mainly income from consumer finance service of HK\$14.0 million (six months ended 31st January, 2023: HK\$14.1 million); hotel operations of HK\$6.6 million (six months ended 31st January, 2023: HK\$1.7 million); and sale of properties of HK\$4.2 million (six months ended 31st January, 2023: HK\$1.1 million).

Net profit attributable to owners of the Company for the six months ended 31st January, 2024 was HK\$6.3 million, as compared to net loss of HK\$9.8 million for the same period last year.

The turnaround from loss to profit in the six-month period ended 31st January, 2024 was mainly attributable to the increase in revenue from the Group's hotel operations and sales of properties and share of profit of an associate of HK\$8.9 million in compare to the share of loss of HK\$4.4 million for the six months period ended 31st January, 2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a liquid position. At 31st January, 2024, the Group had bank balances and cash of HK\$169.8 million (31st July, 2023: HK\$191.9 million) mainly in Hong Kong dollars and Renminbi and marketable securities totalling HK\$100.3 million (31st July, 2023: HK\$78.4 million).

No bank and other borrowings (other than corporate credit card payable classified as "other payable") were outstanding at 31st January, 2024 (31st July, 2023: Nil).

The Group's gearing ratio, expressed as a percentage of the Group's total liabilities over the shareholders' funds was 4.3% at 31st January, 2024 (31st July, 2023: 4.6%).

EXCHANGE RATE EXPOSURE

The assets and liabilities and transactions of several major subsidiaries of the Group are principally denominated in Renminbi or Hong Kong dollars pegged currencies, which expose the Group to foreign currency risk and such risk has not been hedged. It is the Group's policy to monitor such exposure and to use appropriate hedging measures when required.

BUSINESS REVIEW

For the six months ended 31st January, 2024, the principal activities of the Group are property development, consumer finance, hotel operation, financial investment and related activities.

PROPERTY INVESTMENT AND DEVELOPMENT

Sales activities of the residential project alongside Hotel Fortuna, Foshan, the People's Republic of China ("PRC") continue and revenue from sales of property amounting to HK\$4.2 million has been recognised for the six months ended 31st January, 2024 (six months ended 31st January, 2023: HK\$1.1 million). At 31st January, 2024, deposits for units pending hand over of approximately HK\$3.6 million (31st July, 2023: HK\$1.9 million) was recorded and the unsold saleable floor area of approximately 6.7% of this high-rise residential development, which mainly attributable to approximately 165 car park space, is expected to further contribute to the Group's revenue in the near term.

CONSUMER FINANCE

The Group has involved in consumer finance sector in Hong Kong through self-developed online platform with AI credit risk modeling serving approximately 3,200 active users as at the period end date (31st July, 2023: approximately 3,500 users). The service maintained a net loan portfolio of HK\$63.9 million (31st July, 2023: HK\$77.8 million) with loans to individual users ranging from HK\$2,000 to HK\$300,000 (31st July, 2023: HK\$2,000 to HK\$120,000) with credit period up to 36 months (31st July, 2023: 36 months). The receivables are unsecured and carry interest at fixed rate ranged from 4% to 48% (31st July, 2023: 26% to 48%) which is determined based on factors including loan term, principal amount and credit history of individual customer. Loan granted to approximately 75% (31st July, 2023: 74%) of the customers are with principal amount of HK\$40,000 or below and approximately 78% (31st July, 2023: 82%) with credit period of 18 months or less. Gross receivable from the largest borrower and the five largest borrowers in aggregate, are below 1% of the net loan portfolio as at 31st January, 2024 and 31st July, 2023.

During the period, the loans recorded interest income of HK\$14.0 million (six-month period ended 31st January, 2023: HK\$14.1 million) and impairment losses under expected credit loss model on receivables amounting to HK\$5.4 million (six-month period ended 31st January, 2023: HK\$6.4 million).

HOTEL OPERATION

The Group has a 75% effective interest in Hotel Fortuna, Foshan with over 400 rooms located at Le Cong Zhen, Shun De District, Foshan, the PRC. During the six months ended 31st January, 2024, the hotel operation recovering gradually from the effect of COVID-19 pandemic and recorded occupancy rate of approximately 22.4% and turnover of approximately HK\$6.6 million (six months ended 31st January, 2023: HK\$1.7 million).

The Group also holds a 32.5% interest in Hotel Fortuna, Macau through Tin Fok Holding Company Limited, an associated company of the Group. Under the effect of the pandemic, the hotel's recorded occupancy rate of approximately 97.9% and turnover of approximately HK\$101.2 million during the period in compared to approximately HK\$42.0 million in the six months ended 31st January, 2023.

FINANCIAL INVESTMENTS

The Group continues its securities investment and its strategy is to maintain a diversified portfolio of marketable securities for effective treasury and risk management. The Group will continue to invest its surplus funds in marketable securities with attractive return and satisfactory rating, including debt securities and derivatives instruments. The investment portfolio, under close monitoring by the management, is expected to generate stable income and can be liquidated swiftly to support the Group's operations and cash requirements when needed.

As at 31st January, 2024, the Group's investment portfolio of financial assets at fair value through profit and loss consisted of marketable debt securities of HK\$100.3 million (31st July, 2023: HK\$78.4 million).

As at 31st January, 2024, the Group had 6 listed (31st July, 2023: 6) and 1 unlisted (31st July, 2023: 1) debt securities representing approximately 100.0% (31st July, 2023: 100.0%) of the investment portfolio. The mark to market valuation of the largest single debt security within the portfolio represents approximately 3.7% (31st July, 2023: 2.8%) of the Group's total assets, and that of the five largest debt securities held represents approximately 12.2% (31st July, 2023: 9.4%) of the Group's total assets. As at the period end date, the remaining 2 (31st July, 2023: 2) debt securities held represent 0.2% (31st July, 2023: 0.4%) of the Group's total assets, each ranging from 0.0% to 0.2% (31st July, 2023: 0.0% to 0.4%). Approximately 56.9% (31st July, 2023: 71.1%) of these debt securities are related to PRC based real estate companies.

During the period, the debts portfolio gave rise to a net fair value gain of HK\$2.5 million (six-month period ended 31st January, 2023: fair value gain of HK\$0.1 million) and interest income of HK\$3.9 million (six-month period ended 31st January, 2023: HK\$0.5 million).

The Group held no listed equity security as at 31st January, 2024 (31st July, 2023: Nil). During the period, the equity portfolio gave rise to a net fair value loss of HK\$0.2 million (six months ended 31st January, 2023: fair value gain of HK\$5.1 million) and no dividend income (six months ended 31st January, 2023: HK\$2.6 million).

During the year ended 31st July, 2022, the Group entered into certain derivative contracts in relation to the listed equity securities held by the Group and recorded a fair value gain of HK\$0.9 million during the six-month period ended 31st January, 2023.

PROSPECTS

The Group maintained a healthy financial position throughout the COVID-19 pandemic. Although the general economic activity is still below pre-covid-19 level, the Group's business, especially the hotel operation, continues to show improvement after the relaxation of COVID-19 restrictions.

The Board will continue to closely monitor the global economies development, formulate strategies and plans to utilise its resources effectively to boost up the Group's operations and capture viable business opportunities to maintain sustainable long term growth.

CONTINGENT LIABILITY

At 31st January, 2024, the Group provided guarantees of approximately HK\$11.5 million (31st July, 2023: HK\$15.1 million) to banks in respect of mortgage loans provided by the banks to purchasers of the Group's developed properties. These guarantees will be released when the building ownership certificates are issued and pledged by the purchasers with the banks for the mortgage loans granted. The Directors consider that the fair value of such guarantees on initial recognition was insignificant. The Directors also consider that the fair value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group in the event the purchasers default payments to the banks.

PLEDGE OF ASSETS

At 31st January, 2024, bank deposit of HK\$649,000 of the Group was pledged to a bank to secure credit facilities to the extent of HK\$600,000 granted to the Group, of which HK\$2,000 was utilised by the Group (31st July, 2023: Nil).

EMPLOYEES

The Group offers its employees competitive remuneration packages to commensurate with their experience, performance and job nature, which include basic salary, bonuses, share options, medical scheme, retirement and other benefits.

OTHER INFORMATION

SHARE OPTIONS

The Company had a share option scheme adopted on 7th December, 2012 which was expired on 6th December, 2022.

No share option was granted or remained outstanding under the scheme during the six months ended 31st January, 2023 and before expiry of the scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31st January, 2024, the interests of the directors and chief executive and their associates in the shares, and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

LONG POSITIONS

Ordinary shares of the Company

Name of Director	Number of shares held			Total	Percentage of the issued share capital of the Company
	Personal interest (held as beneficial owners)	Family interest (interests of spouse or child under 18)	Corporate interest (interest of controlled corporation)		
Sio Lai Na ("Ms. Lina Sio")	–	–	55,000,000 (Note 1)	55,000,000	28.3%
Chu Nin Yiu, Stephen ("Mr. Chu")	16,240,750	–	31,650,555 (Note 2)	47,891,305	24.6%

Notes:

- Ms. Lina Sio was deemed to be interested in the 55,000,000 shares in the Company held through Nichrome Limited ("Nichrome"), which is in turn wholly owned by Ms. Lina Sio.
- Mr. Chu was deemed to be interested in the 31,650,555 shares in the Company held through Supervalve Holdings Limited ("Supervalve"), which is in turn wholly owned by Mr. Chu.

Other than as disclosed above, none of the directors, chief executive nor their associates had any interests or short position in any shares and underlying shares of the Company or any of its associated corporations as at 31st January, 2024.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31st January, 2024, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that the following shareholder had notified the Company of relevant interests and short positions in the issued share capital of the Company:

LONG POSITIONS

Ordinary shares of the Company

Name of shareholder	Number of shares held			Total	Percentage of the issued share capital of the Company
	Personal interest (held as beneficial owners)	Family interest (interests of spouse or child under 18)	Corporate interest (interest of controlled corporation)		
Nichrome	55,000,000	–	–	55,000,000	28.3%
Ms. Lina Sio	–	–	55,000,000 (Note 1)	55,000,000	28.3%
Supervalue	31,650,555	–	–	31,650,555	16.3%
Mr. Chu	16,240,750	–	31,650,555 (Note 2)	47,891,305	24.6%

Notes:

1. Ms. Lina Sio was deemed to be interested in the 55,000,000 shares in the Company held through Nichrome, which is in turn wholly owned by Ms. Lina Sio.
2. Mr. Chu was deemed to be interested in the 31,650,555 shares in the Company held through Supervalue, which is in turn wholly owned by Mr. Chu.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st January, 2024.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim accounts for the six months ended 31st January, 2024.

CORPORATE GOVERNANCE

The Company complied throughout the six months ended 31st January, 2024 with all applicable provisions of the Corporate Governance Code (the “Code”) as set out in Appendix C1 (formerly Appendix 14) of the Listing Rules except for the following deviation:

Certain independent non-executive directors of the Company are not appointed for a specific term but they are subject to retirement by rotation at annual general meetings in accordance with Article 103(A) of the Company’s Articles of Association. The Company will ensure that all directors retire at regular intervals.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 (formerly Appendix 10) to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard as set out in the Model Code for the six months ended 31st January, 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 31st January, 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

UPDATE ON DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Directors since the date of the last report of the Company are set out below.

Mr. Tsui Wing Tak has resigned as the chairman of the Board and an executive Director of the Company and Mr. Lam Yiu Cho has resigned as a non-executive director of the Company with effect from 13th December, 2023 due to their wishes to devote more time in other business commitments.

Ms. Lina Sio has been appointed as an executive director and chairman of the Board and Ms. Sio Lai Nga (“Ms. Ali Sio”) has been appointed as a non-executive director with effect from 13th December, 2023.

The biographical details of Ms. Lina Sio are as follows:

Ms. Lina Sio, aged 30, is an executive Director, chairman of the Board and a member of the nomination committee of the Board. She was appointed to the Board in December 2023. She has more than five years of experience in fintech and consumer finance business. She is the founder of the Group's consumer finance operation since 2017. She is a director and chief executive officer of Grantit Limited and a director of Shiny Rising Limited, which are both subsidiaries of the Company that provides online consumer finance to customers. Ms. Lina Sio obtained a bachelor's degree in information management for business and a master's degree in technology management from University College London, the United Kingdom. Ms. Lina Sio is the younger sister of Ms. Ali Sio.

The biographical details of Ms. Ali Sio are as follows:

Ms. Ali Sio, aged 35, is a non-executive Director. She was appointed to the Board in December 2023. She has more than eleven years of experience in business management and hotel operations. She had served as a scheduler and general administrator of Fortuna Jet Aviation Company Limited from May 2013 to June 2016. Ms. Ali Sio has been working at Tin Fok Holding Company Limited, which is the owner of Hotel Fortuna Macau, since July 2016 as its executive director and president. Ms. Ali Sio has also worked as a project development manager of the Company since 2016. Ms. Ali Sio obtained a bachelor's degree in science from the London School of Economics and Political Science, United Kingdom and a master of arts degree in communication from Hong Kong Baptist University. Ms. Ali Sio is the elder sister of Ms. Lina Sio.

By Order of the Board
CAPITAL ESTATE LIMITED
Sio Lai Na
Chairman

Hong Kong, 27th March, 2024

As at the date hereof, the Board comprises Ms. Sio Lai Na, Mr. Chu Nin Yiu, Stephen as executive directors, Ms. Sio Lai Nga as non-executive director and Mr. Yeung Chi Wai, Mr. Wong Kwong Fat and Mr. Chan Shu Yan, Stephen as independent non-executive directors.