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# CAPITAL ESTATE LIMITED

## 冠中地產有限公司

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 193)

### INTERIM RESULTS

### SIX MONTHS ENDED 31 JANUARY 2025

The directors of Capital Estate Limited (the “Company”) announce that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 January 2025 together with the comparative figures for the six months ended 31 January 2024 were as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED 31 JANUARY 2025*

		Six months ended	
	NOTES	31.1.2025 HK\$'000 (unaudited)	31.1.2024 HK\$'000 (unaudited)
Revenue			
Contracts with customers	3	16,533	10,839
Interest under effective interest method	3	14,930	14,042
Cost of sales		(5,243)	(2,836)
Direct operating costs		(2,177)	(1,958)
Gross profit		24,043	20,087
Other income		6,973	9,060
Other gain and loss	4	(5,067)	2,218
Impairment losses under expected credit loss (“ECL”) model, net		(3,682)	(5,443)
Marketing expenses		(1,533)	(2,457)
Administrative expenses		(25,511)	(21,820)
Other hotel operating expenses		(7,166)	(5,677)
Share of profit of an associate		3,765	8,939
Finance costs		(328)	(2)
(Loss) profit before taxation		(8,506)	4,905
Income tax (expense) credit	5	(730)	45

		<b>Six months ended</b>	
		<b>31.1.2025</b>	31.1.2024
<i>NOTES</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	(unaudited)
(Loss) profit for the period	6	<u>(9,236)</u>	<u>4,950</u>
<b>Other comprehensive expense:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(1,783)</u>	<u>(862)</u>
Total comprehensive (expense) income for the period		<u><b>(11,019)</b></u>	<u><b>4,088</b></u>
(Loss) profit for the period attributable to:			
Owners of the Company		(7,986)	6,326
Non-controlling interests		<u>(1,250)</u>	<u>(1,376)</u>
		<u><b>(9,236)</b></u>	<u><b>4,950</b></u>
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(9,334)	5,658
Non-controlling interests		<u>(1,685)</u>	<u>(1,570)</u>
		<u><b>(11,019)</b></u>	<u><b>4,088</b></u>
(Loss) earnings per share			
Basic – HK cents	7	<u><b>(4.11)</b></u>	<u><b>3.26</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 JANUARY 2025**

	<i>NOTES</i>	<b>31.1.2025</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.7.2024 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>209,768</b>	211,728
Right-of-use assets		<b>24,060</b>	24,238
Interest in an associate		<b>168,927</b>	165,162
Deposit and prepayment for a life insurance policy		<b>11,531</b>	11,539
Receivables from customers of consumer finance service		<b>19,196</b>	17,059
		<b>433,482</b>	429,726
<b>Current assets</b>			
Properties held for sale		<b>23,698</b>	29,140
Inventories		<b>645</b>	274
Trade and other receivables	8	<b>12,925</b>	12,923
Receivables from customers of consumer finance service		<b>52,780</b>	48,013
Amount due from an associate		<b>7,382</b>	7,434
Prepaid income tax		<b>5,864</b>	4,108
Financial assets at fair value through profit or loss ("FVTPL")	9	<b>243,439</b>	99,841
Derivative financial instruments		<b>133</b>	–
Pledged bank deposit		<b>654</b>	652
Bank balances and cash		<b>31,408</b>	175,038
		<b>378,928</b>	377,423
<b>Current liabilities</b>			
Trade and other payables	10	<b>12,422</b>	15,209
Contract liabilities		<b>242</b>	244
Derivative financial instruments		<b>3,205</b>	–
Lease liabilities		<b>380</b>	–
Amounts due to related parties		<b>2,068</b>	2,068
Tax payable		<b>5,564</b>	4,072
Bank overdrafts		<b>13,531</b>	–
		<b>37,412</b>	21,593
<b>Net current assets</b>		<b>341,516</b>	355,830
<b>Total assets less current liabilities</b>		<b>774,998</b>	785,556

	31.1.2025 <i>HK\$'000</i> (unaudited)	31.7.2024 <i>HK\$'000</i> (audited)
<b>Non-current liabilities</b>		
Deferred tax liability	18,198	19,119
Lease liabilities	362	–
	<u>18,560</u>	<u>19,119</u>
<b>Net assets</b>	<u>756,438</u>	<u>766,437</u>
<b>Capital and reserves</b>		
Share capital	1,518,519	1,518,519
Reserves	(704,805)	(695,471)
	<u>813,714</u>	<u>823,048</u>
Equity attributable to owners of the Company	(57,276)	(56,611)
Non-controlling interests		
<b>Total equity</b>	<u>756,438</u>	<u>766,437</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 31 JANUARY 2025

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements of Capital Estate Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) 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 D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 July 2024 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory consolidated 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 consolidated financial statements for the year ended 31 July 2024 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 consolidated financial statements for the year ended 31 July 2024. 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 HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 January 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 July 2024.

#### Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 August 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards 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	
	31.1.2025	31.1.2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Type of goods or service</b>		
Revenue from hotel operations		
– Room rentals	5,231	6,300
– Food and beverage sales	796	288
– Rendering of ancillary services	35	40
Revenue from sale of properties	10,471	4,211
	<u>16,533</u>	<u>10,839</u>
<b>Geographical market</b>		
Mainland China	<u>16,533</u>	<u>10,839</u>
<b>Timing of revenue recognition</b>		
A point in time	11,302	4,539
Overtime	5,231	6,300
	<u>16,533</u>	<u>10,839</u>

#### Interest under effective interest method

	Six months ended	
	31.1.2025	31.1.2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from receivables from customers of consumer finance service	<u>14,930</u>	<u>14,042</u>

## 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

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 31 January 2025

	<b>Hotel operations HK\$'000</b>	<b>Financial investment HK\$'000</b>	<b>Property HK\$'000</b>	<b>Consumer finance HK\$'000</b>	<b>Total HK\$'000</b>
Gross proceeds	<u>6,062</u>	<u>62,788</u>	<u>10,471</u>	<u>14,930</u>	<u>94,251</u>
Segment revenue	<u>6,062</u>	<u>–</u>	<u>10,471</u>	<u>14,930</u>	<u>31,463</u>
Segment (loss) profit	<u>(9,342)</u>	<u>(1,224)</u>	<u>5,074</u>	<u>(99)</u>	<u>(5,591)</u>
Unallocated income					1,166
Unallocated expenses					(7,518)
Finance costs					(328)
Share of profit of an associate					<u>3,765</u>
Loss before taxation					<u>(8,506)</u>

**Six months ended 31 January 2024**

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

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 profit 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 31 January 2025**

	Hotel operations <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Consumer finance <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Segment total <i>HK\$'000</i>
Depreciation of property, plant and equipment	(6,479)	–	–	(28)	(2)	6,509
Depreciation of right-of-use assets	(687)	–	–	–	(61)	(748)
Bank and other interest income	5	138	–	255	1,167	1,565
Interest income from financial assets at FVTPL	<u>–</u>	<u>3,601</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,601</u>



**For the six months ended 31 January 2024**

	Hotel operations <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Consumer finance <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Segment total <i>HK\$'000</i>
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
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>355</u>	<u>355</u>

**4. OTHER GAIN AND LOSS**

	<b>Six months ended</b>	
	<b>31.1.2025</b>	31.1.2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
(Decrease) increase in fair value of financial assets at FVTPL	(3,291)	2,218
Decrease in fair value of derivative financial instruments	(3,072)	–
Dividend income from financial assets at FVTPL	1,296	–
	<u>(5,067)</u>	<u>2,218</u>

**5. INCOME TAX (EXPENSE) CREDIT**

	<b>Six months ended</b>	
	<b>31.1.2025</b>	31.1.2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Income tax (expense) credit comprises:		
Current tax		
PRC land appreciation tax	(1,520)	(611)
Deferred taxation	790	656
	<u>(730)</u>	<u>45</u>

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. (LOSS) PROFIT FOR THE PERIOD

	Six months ended	
	31.1.2025	31.1.2024
	HK\$'000	HK\$'000
(Loss) profit for the period has been arrived at after charging (crediting):		
Depreciation included in:		
– other hotel operating expenses	6,479	4,980
– administrative expenses	30	89
Depreciation of right-of-use assets	748	697
Included in other income:		
– Bank and other interest income	(1,565)	(3,201)
– Interest income from financial assets at FVTPL	(3,601)	(3,937)
– Gain on disposal of property, plant and equipment	–	(355)
	<u>                    </u>	<u>                    </u>

## 7. (LOSS) EARNINGS PER SHARE

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

	Six months ended	
	31.1.2025	31.1.2024
	HK\$'000	HK\$'000
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share	<u>(7,986)</u>	<u>6,326</u>
	<b>Number of shares</b>	<b>Number of shares</b>
Number of ordinary shares for the purposes of basic (loss) earnings per share	<u>194,337,559</u>	<u>194,337,559</u>

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

## 8. 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.

	31.1.2025 <i>HK\$'000</i>	31.7.2024 <i>HK\$'000</i>
0 to 30 days	207	243
31 to 60 days	232	38
61 to 90 days	3	38
91 days or above	360	339
	<u>802</u>	<u>658</u>

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.

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.1.2025 <i>HK\$'000</i>	31.7.2024 <i>HK\$'000</i>
Listed debt securities overseas	122,177	67,171
Money market fund in Hong Kong	30,037	–
Listed equity securities in Hong Kong	67,560	32,670
Listed equity securities overseas	23,665	–
	<u>243,439</u>	<u>99,841</u>

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.

**10. TRADE AND OTHER PAYABLES**

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

	<b>31.1.2025</b> <i>HK\$'000</i>	31.7.2024 <i>HK\$'000</i>
0 to 30 days	<b>172</b>	108
31 to 60 days	<b>45</b>	28
61 to 90 days	<b>3</b>	8
91 days or above	<b>93</b>	156
	<hr/>	<hr/>
	<b>313</b>	300
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## **INTERIM DIVIDEND**

The directors do not recommend the payment of any dividends for the six months ended 31 January 2025.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVIEW OF THE RESULTS**

The Group reported revenue of HK\$31.5 million for the six months ended 31 January 2025 (six months ended 31 January 2024: HK\$24.9 million), which comprised mainly income from consumer finance service of HK\$14.9 million (six months ended 31 January 2024: HK\$14.0 million); hotel operations of HK\$6.1 million (six months ended 31 January 2024: HK\$6.6 million); and sale of properties of HK\$10.5 million (six months ended 31 January 2024: HK\$4.2 million).

Net loss attributable to owners of the Company for the six months ended 31 January 2025 was HK\$8.0 million, as compared to net profit of HK\$6.3 million for the same period last year.

The turnaround from profit to loss in the six-month period ended 31 January 2025 was mainly attributable to the fair value loss from the Group's financial investment portfolio of HK\$6.4 million in compare to a fair value gain of HK\$2.2 million in the six months period ended 31 January 2024 and decrease in share of profit of an associate from HK\$8.9 million for the six months period ended 31 January 2024 to HK\$3.8 million.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group continued to maintain a liquid position. At 31 January 2025, the Group had bank balances and cash of HK\$32.1 million (31 July 2024: HK\$175.7 million) mainly in Hong Kong dollars and Renminbi and marketable securities totalling HK\$243.4 million (31 July 2024: HK\$99.8 million).

Other than the overdraft on brokers' account of approximately HK\$13.5 million that were secured by marketable securities under margin financing and corporate credit card payable classified as "other payable", there were no bank and other borrowings outstanding at 31 January 2025 (31 July 2024: Nil).

The Group's gearing ratio, expressed as a percentage of the Group's total liabilities over the shareholders' funds was 6.9% at 31 January 2025 (31 July 2024: 4.9%).

### **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 31 January 2025, 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\$10.5 million has been recognised for the six months ended 31 January 2025 (six months ended 31 January 2024: HK\$4.2 million). The unsold saleable floor area of approximately 4.5% of this highrise residential development, which mainly attributable to approximately 150 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 3,000 active users as at the period end date (31 July 2024: approximately 3,000 users). The service maintained a net loan portfolio of HK\$72.0 million (31 July 2024: HK\$65.1 million) with loans to individual users ranging from HK\$2,000 to HK\$300,000 (31 July 2024: HK\$2,000 to HK\$300,000) with credit period up to 40 months (31 July 2024: 40 months). The receivables are unsecured and carry interest at fixed rate ranged from 4% to 45% (31 July 2024: 4% to 45%) per annum which is determined based on factors including loan term, principal amount and credit history of individual customer. Loan granted to approximately 69% (31 July 2024: 73%) of the customers are with principal amount of HK\$40,000 or below and approximately 69% (31 July 2024: 74%) 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 31 January 2025 and 31 July 2024.

During the period, the loans recorded interest income of HK\$14.9 million (six-month period ended 31 January 2024: HK\$14.0 million) and impairment losses under expected credit loss model on receivables amounting to HK\$3.7 million (six-month period ended 31 January 2024: HK\$5.4 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 31 January 2025, the hotel recorded occupancy rate of approximately 20.4% and turnover of approximately HK\$6.1 million (six months ended 31 January 2024: HK\$6.6 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. 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\$101.2 million in the six months ended 31 January 2024.

## 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, money market fund 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 31 January 2025, the Group's investment portfolio of financial assets at fair value through profit and loss consisted of listed equity securities of HK\$91.2 million (31 July 2024: HK\$32.7 million), debt securities of HK\$122.2 million (31 July 2024: HK\$67.2 million) and money market fund of HK\$30.0 million (31 July 2024: Nil).

Listed equity securities of HK\$91.2 million (31 July 2024: HK\$32.7 million), representing approximately 37.5% (31 July 2024: 32.7%) of the investment portfolio, consist of 5 equity securities (31 July 2024: 1 equity securities) of which 3 equity securities (31 July 2024: 1 equity securities) listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and 2 equity securities (31 July 2024: Nil) on the New York Stock Exchange. The mark to market valuation of the largest single equity security within the portfolio represents approximately 4.2% (31 July 2024: 4.0%) of the Group's total assets, and that of the five (31 July 2024: one) largest equity securities held represents approximately 11.2% (31 July 2024: 4.0%). Approximately 100.0% (31 July 2024: 100.0%) of the equity securities listed on the Stock Exchange are constituents of the Hang Seng Index.

During the period, the equity portfolio gave rise to a net fair value gain of HK\$1.8 million (six months ended 31 January 2024: fair value loss of HK\$0.2 million) and dividend income of HK\$1.3 million (six months ended 31 January 2024: Nil).

As at 31 January 2025, the Group had 8 listed (31 July 2024: 3) and 1 unlisted (31 July 2024: 1) debt securities representing approximately 50.2% (31 July 2024: 67.3%) of the investment portfolio. The mark to market valuation of the largest single debt security within the portfolio represents approximately 3.9% (31 July 2024: 3.5%) of the Group's total assets, and that of the five (31 July 2024: four) largest debt securities held represents approximately 11.8% (31 July 2024: 8.3%) of the Group's total assets. As at the period end date, the remaining 4 debt securities held represent 3.2% of the Group's total assets, each ranging from 0.0% to 1.5%. Approximately 69.3% (31 July 2024: 76.6%) of these debt securities are related to the banking industry.

During the period, the debts portfolio gave rise to a net fair value loss of HK\$5.1 million (six-month period ended 31 January 2024: fair value gain of HK\$2.5 million) and interest income of HK\$3.6 million (six-month period ended 31 January 2024: HK\$3.9 million).

As at 31 January 2025, the Group held money market fund of HK\$30.0 million (31 July 2024: Nil) representing approximately 12.3% (31 July 2024: Nil) of the investment portfolio. The mark to market valuation of the money market fund representing approximately 3.7% (31 July 2024: Nil) of the Group's total assets and gave rise to a fair value gain of HK\$0.1 million (six-month period ended 31 January 2024: Nil) during the period.

The Group also entered into certain derivative contracts during the period in relation to the listed equity securities held by the Group. As at 31 January 2025, the Group has derivative assets of HK\$0.1 million (31 July 2024: Nil) and derivative liabilities of HK\$3.2 million (31 July 2024: Nil), and recorded a fair value loss of HK\$3.1 million for the period (six months ended 31 January 2024: Nil).

## **PROSPECTS**

Although the general economic activity is still below pre-covid-19 level, especially for the hotel and properties sectors in mainland China, the Group maintained a healthy financial position.

Hotel Fortuna, Foshan is currently under phased renovation as to refresh the hotel facilities. Such renovation may bring pressure to the hotel's business in short term but is expected to improve the competitiveness of the hotel as to cope with the challenging market in Foshan area and further bust up the occupancy rate in the long run. The management remains cautiously optimistic towards the hotel business in Asia and will strive for growth in this area.

On 6 February 2025, the Company entered into a placing agreement with a placing agent to place 38,865,000 new shares on a best effort basis at a placing price of HK\$0.267 per share (the "Placing"). The Placing was completed on 28 February 2025 and the number of shares in issue of the Company was increased to 233,202,559 shares. The Placing has further strengthened the financial position of the Group and broadened its capital base. The net proceeds of approximately HK\$10.0 million successfully raised will be used for the operations, business and as general working capital of the Group.

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

## **CONTINGENT LIABILITY**

At 31 January 2025, the Group provided guarantees of approximately HK\$3.0 million (31 July 2024: HK\$9.8 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 BANK DEPOSITS**

Bank deposit of HK\$654,000 (31 July 2024: HK\$652,000) was pledged to banks to secure credit facilities to the extent of HK\$600,000 (31 July 2024: HK\$600,000) granted to the Group, none (31 July 2024: HK\$1,000) of which were utilised by the Group.



## **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.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the unaudited interim accounts for the six months ended 31 January 2025.

## **CORPORATE GOVERNANCE**

The Company complied throughout the six months ended 31 January 2025 with all applicable provisions of the Corporate Governance Code (the “Code”) as set out in Appendix C1 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 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 31 January 2025.

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

During the six months ended 31 January 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

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

Hong Kong, 27 March 2025

*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. Hung Ka Hai, Clement, Mr. Wong Kwong Fat and Mr. Chan Shu Yan, Stephen as independent non-executive directors.*