



CAPITAL ESTATE LIMITED
冠中地產有限公司

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



INTERIM
REPORT
2024/2025



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Sio Lai Na (*Chairman*)

Chu Nin Yiu, Stephen (*Chief Executive Officer*)

Non-Executive Director

Sio Lai Nga

Independent Non-Executive Directors

Hung Ka Hai, Clement

Wong Kwong Fat

Chan Shu Yan, Stephen

Yeung Chi Wai (resigned on 24 January 2025)

COMPANY SECRETARY

Cham Wing Yeung, Andrew

AUTHORISED REPRESENTATIVES

Chu Nin Yiu, Stephen

Cham Wing Yeung, Andrew

AUDIT COMMITTEE

Hung Ka Hai, Clement (*Chairman*)

Wong Kwong Fat

Chan Shu Yan, Stephen

Yeung Chi Wai (resigned on 24 January 2025)

REMUNERATION COMMITTEE

Chan Shu Yan, Stephen (*Chairman*)

Hung Ka Hai, Clement

Wong Kwong Fat

Chu Nin Yiu, Stephen

Yeung Chi Wai (resigned on 24 January 2025)

NOMINATION COMMITTEE

Wong Kwong Fat (*Chairman*)

Hung Ka Hai, Clement

Chan Shu Yan, Stephen

Sio Lai Na

Chu Nin Yiu, Stephen

Yeung Chi Wai (resigned on 24 January 2025)

LEGAL ADVISER

HEUNG MASSIE & CLEMENT

AUDITOR

Baker Tilly Hong Kong Limited

Certified Public Accountants

Registered Public Interest Entity Auditors

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

193

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 JANUARY 2025

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 JANUARY 2025

	NOTES	31.1.2025 HK\$'000 (unaudited)	31.7.2024 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	209,768	211,728
Right-of-use assets	8	24,060	24,238
Interest in an associate		168,927	165,162
Deposit and prepayment for a life insurance policy		11,531	11,539
Receivables from customers of consumer finance service	9	19,196	17,059
		433,482	429,726
Current assets			
Properties held for sale		23,698	29,140
Inventories		645	274
Trade and other receivables	10	12,925	12,923
Receivables from customers of consumer finance service	9	52,780	48,013
Amount due from an associate	16(c)	7,382	7,434
Prepaid income tax		5,864	4,108
Financial assets at fair value through profit or loss ("FVTPL")	11	243,439	99,841
Derivative financial instruments		133	–
Pledged bank deposit	15	654	652
Bank balances and cash		31,408	175,038
		378,928	377,423
Current liabilities			
Trade and other payables	12	12,422	15,209
Contract liabilities		242	244
Derivative financial instruments		3,205	–
Lease liabilities		380	–
Amounts due to related parties	16(c)	2,068	2,068
Tax payable		5,564	4,072
Bank overdrafts		13,531	–
		37,412	21,593
Net current assets		341,516	355,830
Total assets less current liabilities		774,998	785,556
Non-current liabilities			
Deferred tax liability		18,198	19,119
Lease liabilities		362	–
		18,560	19,119
Net assets		756,438	766,437
Capital and reserves			
Share capital	13	1,518,519	1,518,519
Reserves		(704,805)	(695,471)
Equity attributable to owners of the Company		813,714	823,048
Non-controlling interests		(57,276)	(56,611)
Total equity		756,438	766,437

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 JANUARY 2025

	Attributable to owners of the Company										
	Share capital	Capital reserve	Share option reserve	Capital reduction reserve	Translation reserve	Revaluation reserve	FVTOCI reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 August 2023 (audited)	1,518,519	157	23,542	170,583	(13,806)	51,510	(73,778)	(866,764)	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 (expense) income for the period	-	-	-	-	(668)	-	-	6,326	5,658	(1,570)	4,088
Balance at 31 January 2024 (unaudited)	1,518,519	157	23,542	170,583	(14,474)	51,510	(73,778)	(860,438)	825,621	(55,623)	769,998
Balance at 1 August 2024 (audited)	1,518,519	157	23,542	170,583	(16,290)	51,510	(73,778)	(851,195)	823,048	(56,611)	766,437
Loss for the period	-	-	-	-	-	-	-	(7,986)	(7,986)	(1,250)	(9,236)
Other comprehensive expense for the period	-	-	-	-	(1,348)	-	-	-	(1,348)	(435)	(1,783)
Total comprehensive expense for the period	-	-	-	-	(1,348)	-	-	(7,986)	(9,334)	(1,685)	(11,019)
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	1,020	1,020
Balance at 31 January 2025 (unaudited)	1,518,519	157	23,542	170,583	(17,638)	51,510	(73,778)	(869,181)	813,714	(57,276)	756,438

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 JANUARY 2025

	Six months ended	
	31.1.2025 HK\$'000 (unaudited)	31.1.2024 HK\$'000 (unaudited)
Net cash used in operating activities		
(Loss) profit before taxation	(8,506)	4,905
Depreciation of property, plant and equipment	6,509	5,069
Impairment loss under ECL model, net	3,682	5,443
Share of profit of an associate	(3,765)	(8,939)
Decrease (increase) in fair value of financial assets at FVTPL	3,291	(2,218)
Decrease in fair value of derivative financial instruments	3,072	–
Decrease in properties held for sale	5,243	2,836
Increase in trade and other receivables	(83)	(6,286)
(Increase) decrease in receivables from customers of consumer finance service	(10,586)	8,495
Increase in financial assets at FVTPL	(146,889)	(19,762)
Decrease in trade and other payables	(1,732)	(4,393)
Increase in contract liabilities	–	1,736
Income tax paid	(1,784)	(595)
Other items	(650)	(2,513)
	(152,198)	(16,222)
Net cash used in investing activities		
Interest received	1,377	3,019
Purchase of property, plant and equipment	(5,954)	(9,249)
Proceeds on disposal of property, plant and equipment	–	370
	(4,577)	(5,860)
Net cash from (used in) financing activities		
Interest paid	(322)	(2)
Drawdown of bank overdrafts	13,531	–
	13,209	(2)
Net decrease in cash and cash equivalents	(143,566)	(22,084)
Cash and cash equivalents at beginning of the period	175,038	191,297
Effect of foreign exchange rate changes	(64)	(52)
Cash and cash equivalents at end of the period, represented by bank balances and cash	31,408	169,161

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 HK\$'000	31.1.2024 HK\$'000
Type of goods or service		
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
	16,533	10,839
Geographical market		
Mainland China	16,533	10,839
Timing of revenue recognition		
A point in time	11,302	4,539
Overtime	5,231	6,300
	16,533	10,839

Interest under effective interest method

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

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 31 January 2025

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

Six months ended 31 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 costs					(2)
Share of profit of an associate					8,939
Profit before taxation					4,905

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 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 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	(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	-	3,601	-	-	-	3,601

For the six months ended 31 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

4. OTHER GAIN AND LOSS

	Six months ended	
	31.1.2025 HK\$'000	31.1.2024 HK\$'000
(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	–
	(5,067)	2,218

5. INCOME TAX (EXPENSE) CREDIT

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

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 HK\$'000	31.1.2024 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)

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 HK\$'000	31.1.2024 HK\$'000
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share	(7,986)	6,326
	Number of shares	Number of shares
Number of ordinary shares for the purposes of basic (loss) earnings per share	194,337,559	194,337,559

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

8. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the period, the Group acquired property, plant and equipment for a cash consideration of HK\$5,954,000 (six months ended 31 January 2024: HK\$9,249,000).

The Group disposed of certain property, plant and equipment during the period end 31 January 2024 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 31 January 2025.

During the six months ended 31 January 2025, the Group entered into a new office lease. Right-of-use assets and lease liabilities of HK\$735,000 (six months ended 31 January 2024: nil) and HK\$735,000 (six months ended 31 January 2024: nil) were recognised at the commencement of the lease respectively.

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 (31 July 2024: HK\$2,000 to HK\$300,000). The receivables are unsecured and carry interest at fixed rate ranged from 4% to 45% (31 July 2024: from 4% to 45%) 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 31 January 2025, the balance of impairment loss allowance under ECL model was HK\$9,326,000 (31 July 2024: HK\$9,532,000). At the end of reporting period, aggregate net balances with customers of consumer finance service with payment past due are HK\$2,176,000 (31 July 2024: HK\$1,044,000).

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:

	31.1.2025 HK\$'000	31.7.2024 HK\$'000
Within one month	4,169	3,508
Six months or less but over one month	23,916	21,774
One year or less but over six months	24,695	22,731
Over one year	19,196	17,059
	71,976	65,072
Analysed as:		
Current portion	52,780	48,013
Non-current portion	19,196	17,059
	71,976	65,072

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.

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

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

	31.1.2025 HK\$'000	31.7.2024 HK\$'000
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	–
	243,439	99,841

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.

	31.1.2025 HK\$'000	31.7.2024 HK\$'000
0 to 30 days	172	108
31 to 60 days	45	28
61 to 90 days	3	8
91 days or above	93	156
	313	300

13. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Issued and fully paid:		
Ordinary shares with no par value At 1 August 2023, 31 July 2024 and 31 January 2025	194,337,559	1,518,519

14. 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).

14. 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
	31.1.2025 HK\$'000	31.7.2024 HK\$'000			
Listed debt securities at FVTPL	122,177	67,171	Level 1	Quoted bid prices in active market	N/A
Money market fund at FVTPL	30,037	–	Level 1	Quoted bid prices in active market	N/A
Listed equity securities at FVTPL	91,225	32,670	Level 1	Quoted bid prices in active market	N/A
Accumulator contracts	(634)	–	Level 2	Black-Scholes model with Monte Carlo Simulation method	N/A
Decumulator contract	(2,438)	–	Level 2	Black-Scholes model with Monte Carlo Simulation method	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.

15. PLEDGE OF BANK DEPOSITS

At 31 January 2025, 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 of which was utilised by the Group (31 July 2024: HK\$1,000).

16. 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	
	31.1.2025 HK\$'000	31.1.2024 HK\$'000
Short-term benefits	2,454	1,877
Post-employment benefits	18	5
	2,472	1,882

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.

16. 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	
		31.1.2025 HK\$'000	31.1.2024 HK\$'000
Related company (Note)	Expense related to short-term leases	–	541

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:

	31.1.2025 HK\$'000	31.7.2024 HK\$'000
Non-controlling shareholders of certain subsidiaries of the Company	2,068	2,068

17. FINANCIAL GUARANTEES

At 31 January 2025, the Group provided guarantees of HK\$3,008,000 (31 July 2024: HK\$9,764,000) 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 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.

OTHER INFORMATION

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

At 31 January 2025, 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")	–	–	121,912,266 (Note 1)	121,912,266	62.7%
Chu Nin Yiu, Stephen ("Mr. Chu")	1,944,000	–	–	1,944,000	1.0%

Notes:

- Ms. Lina Sio was deemed to be interested in 66,912,266 shares in the Company held through Cedarwood Ventures Limited ("Cedarwood") and 55,000,000 shares in the Company held through Nichrome Limited ("Nichrome"), which are in turn wholly owned by Ms. Lina Sio.
- After completion of the Placing, the percentage of shareholding of Ms. Lina Sio and Mr. Chu was diluted to 52.3% and 0.8% respectively.

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 31 January 2025.

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 31 January 2025, 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)		
Cedarwood	66,912,266	–	–	66,912,266	34.4%
Nichrome	55,000,000	–	–	55,000,000	28.3%
Ms. Lina Sio	–	–	121,912,266 (Note 1)	121,912,266	62.7%

Notes:

- Ms. Lina Sio was deemed to be interested in 66,912,266 shares in the Company held through Cedarwood and 55,000,000 shares in the Company held through Nichrome, which are in turn wholly owned by Ms. Lina Sio.
- After completion of the Placing, the percentage of shareholding of Cedarwood, Nichrome and Ms. Lina Sio was diluted to 28.7%, 23.6% and 52.3% respectively.

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 31 January 2025.

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.

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. Yeung Chi Wai has resigned as independent non-executive director of the Company with effect from 24 January 2025 due to his other business commitments.

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.