



*Far East Hotels and Entertainment Limited*

遠東酒店實業有限公司

Stock Code 股份代號: 37

2024

*Interim Report*

中期報告





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In the event of any error or omission in the Chinese translation of this Interim Report, the English text shall prevail.

# CORPORATE INFORMATION

## Place of Incorporation

Hong Kong

## Board of Directors

### *Executive Directors*

Derek Chiu, B.Sc.

*(Chairman, Managing Director and Chief Executive)*

Amanda Chiu, B.A.

### *Non-executive Directors*

Chiu Ju Ching Lan, J.P.

Alex Chiu, B.Sc.

### *Independent Non-executive Directors*

Choy Wai Shek Raymond, M.H., J.P.

Ng Chi Kin

## Company Secretary

Cheng Lucy

## Solicitors

Woo Kwan Lee & Lo

## Independent Auditor

Deloitte Touche Tohmatsu

*Registered Public Interest Entity Auditors*

Hong Kong

## Authorised Representatives

Derek Chiu, B.Sc.

Cheng Lucy

## Audit Committee

Choy Wai Shek Raymond, M.H., J.P.

Ng Chi Kin

## Remuneration Committee

Choy Wai Shek Raymond, M.H., J.P. *(Chairman)*

Derek Chiu, B.Sc.

Ng Chi Kin

## Nomination Committee

Ng Chi Kin *(Chairman)*

Choy Wai Shek Raymond, M.H., J.P.

Derek Chiu, B.Sc.

## Principal Bankers

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

Public Bank (Hong Kong) Limited

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking

Corporation Limited

## Registered and Principal Office

Suite 1902, 19th Floor

The Sun's Group Centre

200 Gloucester Road

Wanchai, Hong Kong

## Share Registrar

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road, Hong Kong

## Place of Listing

The Shares of the Company are listed on  
the Main Board of The Stock Exchange  
of Hong Kong Limited

## Stock Code

00037

## Website

[www.tricor.com.hk/web/service/00037](http://www.tricor.com.hk/web/service/00037)

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERALL RESULTS

For the six months ended 30 September 2024 (the “Period”), Far East Hotels and Entertainment Limited (the “Company”) and its subsidiaries (collectively, the “Group”) recorded an unaudited consolidated loss attributable to owners of the Company of HK\$22.8 million (30 September 2023: HK\$7.8 million).

## INTERIM DIVIDEND

The board of directors of the Company (the “Directors” and the “Board”, respectively) has resolved not to declare any interim dividend in respect of the Period (30 September 2023: Nil).

## REVIEW OF OPERATIONS AND PROSPECTS

For the Period, a total revenue of the Group was approximately HK\$11.4 million, resulting a 34.5% decrease as compared to HK\$17.4 million in 2023. The Group’s gross loss for the Period was HK\$0.4 million (30 September 2023: gross profit of HK\$5.0 million). The loss for the period attributable to the owners of the Company was HK\$22.8 million (30 September 2023: HK\$7.8 million).

For the Cheung Chau Warwick Hotel, the Group recorded a total revenue of approximately HK\$8.2 million (30 September 2023: HK\$12.2 million) and a net loss of HK\$0.2 million for the Period (30 September 2023: net profit of HK\$1.7 million). The revenue of rooms department during the Period was HK\$5.5 million, resulting a 36.0% decrease as compared to HK\$8.6 million in 2023. The revenue of food and beverages department during the Period was HK\$2.7 million, resulting a 25.0% decrease as compared to HK\$3.6 million in 2023.

For the serviced property in Beijing, the People’s Republic of China (the “PRC”), the Group recorded a total revenue of approximately HK\$1.9 million (30 September 2023: HK\$4.5 million) resulting a net loss of HK\$8.6 million (30 September 2023: HK\$0.4 million). The significant loss was primarily attributed to (i) a decline in revenue resulting from the expiry of leases; (ii) substantial legal and professional fees amounting to HK\$1.9 million (30 September 2023: HK\$0.3 million) related to the legal dispute concerning the serviced property in Beijing; and (iii) an impairment loss on finance lease receivables of HK\$3.2 million for the Period. For further details, please refer to the “Legal dispute in respect of the serviced property in Beijing” section on page 4.

For the investment properties located in Hong Kong, the Group recorded a total revenue of approximately HK\$0.5 million (30 September 2023: HK\$0.4 million) and a net loss of HK\$15.0 million for the Period (30 September 2023: HK\$2.3 million). The significant segment loss was mainly due to a decrease of HK\$12.7 million (30 September 2023: increase of HK\$0.1 million) in fair values of investment properties.



## MANAGEMENT DISCUSSION AND ANALYSIS

For the investment properties located in Fiji, the Group recorded a total revenue of approximately HK\$0.8 million (30 September 2023: HK\$0.4 million) and a net profit of HK\$0.6 million (30 September 2023: HK\$0.4 million).

For securities investment and trading, the Group recorded a net profit of approximately HK\$4.7 million for the Period (30 September 2023: loss of HK\$1.6 million), including an increase of HK\$4.3 million (30 September 2023: decrease of HK\$2.2 million) in fair value of financial assets at fair value through profit or loss (“FVTPL”) and dividend income from financial assets at FVTPL of HK\$0.4 million (30 September 2023: HK\$0.6 million).

### **Legal dispute in respect of the serviced property in Beijing**

As at 30 September 2024, the Group was involved in a legal dispute in respect of the leasing of the serviced property in the PRC (the “Relevant Property”) by 北京海聯物業管理有限公司 (Beijing Hai Lian Property Management Company Limited) (a subsidiary of the Company) (“Beijing Hai Lian”) as tenant from landlord (the “Landlord”). The Relevant Property comprises 2 buildings, which have been sub-let by Beijing Hai Lian to independent third party sub-tenants. It is stipulated in the relevant lease agreement entered into between Beijing Hai Lian and the Landlord that the lease has a term of 30 years expired on 30 September 2024 and that Beijing Hai Lian is entitled to renew the lease for a further term of 20 years based on the same terms. The dispute arose from the disagreement on the proposed increase in the rental amount as from 1 October 2022. The Landlord has sought an order from 北京市東城區人民法院 (Beijing Dongcheng People’s Court) that the lease was terminated by the Landlord with effect from August 2022, and that Beijing Hai Lian shall vacate the Relevant Property and pay an increased rent during the period from 1 October 2022 to the date of actual vacating of the Relevant Property. The claims by the Landlord were dismissed by the court on 8 October 2023 and the appeal filed by the Landlord was also dismissed by 北京市第三中級人民法院 (Beijing No. 3 Intermediate People’s Court) on 26 April 2024.

Despite the abovementioned outcome of the legal actions taken out by the Landlord, the Landlord subsequently issued written notices to Beijing Hai Lian requesting Beijing Hai Lian to deliver the possession of the Relevant Property to the Landlord by 30 June 2024. The Company has obtained legal advice from its external legal advisers and taken legal actions against the Landlord for, among others, the losses of Beijing Hai Lian as a result of the Landlord’s failure to renew the lease, the costs and expenses previously incurred by Beijing Hai Lian for the re-development, extension and refurbishment of the Relevant Property. In view that the dispute with the Landlord, Beijing Hai Lian did not renew one of the sub-tenancy which expired on 31 May 2024 and may early terminate the other sub-tenancy which will otherwise expire on 31 December 2026 (for which provision in the amount approximately HK\$2.2 million has been made in the audited consolidated financial statements for the financial year ended 31 March 2023 in relation to the probable compensation payable to such sub-tenant).

# MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2024, the Group's finance lease receivables of HK\$3.2 million were overdue over 3 months. The Group has taken legal action against the sub-tenant to demand the repayment of outstanding rent and damages in November 2024. In view of the aforesaid, the management has assessed the expected credit losses ("ECL") of the finance lease receivables at the end of the reporting period and provision of ECL of HK\$3.2 million has been recognized as at 30 September 2024.

## **Kau Wa Keng Project**

On 25 January 2022, Lai Chi Kok Amusement Park Company, Limited ("LCKAP"), a wholly-owned subsidiary of the Company and Cornhill Enterprises Limited (a related company controlled by Mr. Derek Chiu and his family which holds certain portions of the application site on trust for LCKAP) (as the applicants) (collectively, the "Applicants"), have submitted an application (the "Application") under section 16 of the Town Planning Ordinance (Chapter 131 of the laws of Hong Kong) to the Town Planning Board (the "TPB") to seek approval for the proposed comprehensive development of various lots in Survey District No. 4 and the adjoining Government Land at Kau Wa Keng, Kwai Chung, New Territories (the "Application Site") which is designated as Comprehensive Development Area zone under the Draft Kwai Chung Outline Zoning Plan No. S/KC/29. On 14 July 2023, the Application has been approved by the TPB subject to certain conditions. For details of the Application, please refer to the announcements of the Company dated 26 January 2022 and 14 July 2023.

The Application Site has a total site area of approximately 48,313 m<sup>2</sup> comprising about 54% private lots and about 46% government land. The maximum development gross floor area of the Application Site is 241,522 m<sup>2</sup>. The proposed development under the Master Layout Plan as approved with a total plot ratio of 5, comprises a total of 5,973 residential flats in 14 blocks of 31 to 35 storeys. For further details, please refer to the summary of the Application and the decision of the TPB on the Application published on the website of the TPB.

Considering the existing land ownership pattern and the scale of the Application Site, the development is planned to be implemented in 4 phases. In addition to the current process of acquiring and consolidating lands within the Application Site, the Group intends to submit application to Lands Department of the HKSAR for the granting of a new lease of the first phase in due course. The process will entail at various stages, assessment and negotiation of land premium and re-grant conditions. The actual timeframe of the application will depend on the specific requirements and conditions imposed by the relevant government departments.

## **Prospects**

The uncertainties surrounding the ongoing geopolitical tensions will continue to affect our business in the years ahead. Nevertheless, the Group will continue to navigate through challenging market and take this opportunity to improve the service quality and strengthen operational efficiency. The Group will look for appropriate investment opportunities.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2024, the Group had approximately 60 employees (31 March 2024: 70). Employees are remunerated in accordance with the nature of the job and market conditions. Staff incentive bonus would be granted to reward and motivate those well-performed employees. The Company adopted a new share option scheme (the “New Scheme”) on 2 September 2016 as an incentive to the Directors and other eligible participants. The Group also provides and arranges on-the-job training for the employees.

## MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

As at 30 September 2024, the Group’s financial assets at FVTPL, with market value of approximately HK\$9.5 million (31 March 2024: approximately HK\$16.2 million), mainly represented investment portfolio of 13 equity securities listed in Hong Kong and 1 equity security listed in Singapore (31 March 2024: 14 equity securities listed in Hong Kong and 1 equity security listed in Singapore). The Board considers that the investments with market value as at 30 September 2024 accounting for more than 5% of the Group’s total assets as at 30 September 2024 as significant investments. As at 30 September 2024, none of each investment represents 5% or more of the Group’s total assets.

Save as the above, during the Period, there was no significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures by the Company.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2024, the Group had bank balances and cash of HK\$13.0 million (31 March 2024: HK\$22.2 million), which were mainly denominated in Hong Kong dollars and Renminbi.

As at 30 September 2024, the Group had outstanding bank loans facilities of HK\$8.4 million (31 March 2024: HK\$8.4 million). All outstanding bank loans were denominated in Hong Kong dollars with interest at prevailing market rates, details of which are set out in note 12 to the condensed consolidated financial statements.

As at 30 September 2024, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

# MANAGEMENT DISCUSSION AND ANALYSIS

Shareholders' funds as at 30 September 2024 amounted to approximately HK\$315.5 million (31 March 2024: HK\$337.5 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) as at 30 September 2024 was approximately 2.7% (31 March 2024: 2.5%).

## CHARGES OVER ASSETS OF THE GROUP

As at 30 September 2024, certain property, plant and equipment and right-of-use assets with an aggregate carrying value of approximately HK\$10.5 million (31 March 2024: approximately HK\$10.7 million) are secured for the Group's bank borrowings.

## TREASURY POLICIES

The Group had adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## CONTINGENT LIABILITIES

As at 30 September 2024, the Company had issued financial guarantees of HK\$15.0 million (31 March 2024: HK\$15.0 million) to banks in respect of banking facilities granted to its subsidiaries, of which HK\$8.4 million (31 March 2024: HK\$8.4 million) had been utilised by its subsidiaries.

## CAPITAL COMMITMENTS

As at 30 September 2024, the Group had capital commitments of HK\$0.3 million (31 March 2024: HK\$0.3 million).

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 September 2024, the Group did not have other plans for material investments and capital assets.

## EVENTS AFTER THE REPORTING DATE

The Group has no material event subsequent to the Period and up to the date of this report.



# INTERIM FINANCIAL INFORMATION

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

For the six months ended 30 September 2024

		Six months ended 30 September	
		2024 (unaudited) HK\$	2023 (unaudited) HK\$
	Notes		
Revenue	3	11,370,911	17,378,176
Cost of sales		<u>(11,788,837)</u>	<u>(12,332,491)</u>
Gross (loss) profit		(417,926)	5,045,685
Other income, gains or losses	5	2,596,321	(851,130)
Net (decrease) increase in fair values of investment properties		(12,660,069)	138,830
Selling expenses		(443,490)	(759,186)
Administrative expenses		(12,245,632)	(12,241,786)
Finance costs	6	(319,374)	(476,348)
Share of results of associates		339,583	336,844
Loss before tax	4	(23,150,587)	(8,807,091)
Income tax credit	7	376,823	1,056,239
<b>Loss for the period attributable to owners of the Company</b>		<u>(22,773,764)</u>	<u>(7,750,852)</u>
<b>Other comprehensive income (expense):</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		714,352	(1,033,306)
<b>Total comprehensive expenses for the period attributable to owners of the Company</b>		<u>(22,059,412)</u>	<u>(8,784,158)</u>
<b>LOSS PER SHARE</b>			
Basic	8	<u>(3.03) cents</u>	<u>(1.03) cents</u>
Diluted		<u>(3.03) cents</u>	<u>(1.03) cents</u>

# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	30 September 2024 (unaudited) HK\$	31 March 2024 (audited) HK\$
<b>Non-current assets</b>			
Property, plant and equipment		25,185,557	26,469,358
Right-of-use assets		2,846,076	3,530,984
Deposits for capital expenditure		869,770	296,160
Investment properties		266,870,435	278,736,862
Interests in associates		903,454	563,871
Paintings		3,350,346	5,113,967
Deferred tax assets		1,368,318	786,169
		<u>301,393,956</u>	<u>315,497,371</u>
<b>Current assets</b>			
Financial assets at FVTPL		9,548,396	16,197,923
Inventories		422,787	481,750
Finance lease receivables		–	4,853,324
Trade receivables	10	742,511	691,793
Other receivables, deposits and prepayment		1,851,291	1,472,665
Demand deposits held with security broker companies		14,321,751	2,930,980
Cash and cash equivalents		13,042,954	22,178,646
		<u>39,929,690</u>	<u>48,807,081</u>

# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2024

	Notes	30 September 2024 (unaudited) HK\$	31 March 2024 (audited) HK\$
<b>Current liabilities</b>			
Trade and other payables and accruals	11	8,874,690	7,421,181
Contract liabilities		71,982	710,825
Rental deposits received		227,300	217,300
Amount due to an associate		522,381	287,381
Amounts due to related companies		650,501	656,056
Bank borrowings	12	8,433,757	8,433,757
Lease liabilities		2,418,055	3,692,956
Tax payable		3,070,734	3,138,295
		<u>24,269,400</u>	<u>24,557,751</u>
<b>Net current assets</b>		<u>15,660,290</u>	<u>24,249,330</u>
<b>Total assets less current liabilities</b>		<u>317,054,246</u>	<u>339,746,701</u>
<b>Capital and reserves</b>			
Share capital	13	329,138,773	329,138,773
Reserves		(13,685,375)	8,374,037
		<u>315,453,398</u>	<u>337,512,810</u>
<b>Non-current liabilities</b>			
Provision for long service payments		1,107,120	1,107,120
Lease liabilities		493,728	1,126,771
		<u>1,600,848</u>	<u>2,233,891</u>
		<u>317,054,246</u>	<u>339,746,701</u>

# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Share capital HK\$	Share option reserve HK\$	Statutory reserve HK\$	Translation reserve HK\$	Retained earnings/ (Accumulated losses) HK\$	Total HK\$
At 1 April 2023 (audited)	327,866,573	11,998,924	592,230	(6,718,566)	37,720,905	371,460,066
Loss for the period	-	-	-	-	(7,750,852)	(7,750,852)
Exchange differences arising on translation of foreign operations	-	-	-	(1,033,306)	-	(1,033,306)
Total comprehensive expense for the period	-	-	-	(1,033,306)	(7,750,852)	(8,784,158)
Shares issued upon exercise of share options	1,272,200	(695,170)	-	-	695,170	1,272,200
At 30 September 2023 (unaudited)	<u>329,138,773</u>	<u>11,303,754</u>	<u>592,230</u>	<u>(7,751,872)</u>	<u>30,665,223</u>	<u>363,948,108</u>
At 1 April 2024 (audited)	<b>329,138,773</b>	<b>10,860,774</b>	<b>592,230</b>	<b>(8,920,795)</b>	<b>5,841,828</b>	<b>337,512,810</b>
Loss for the period	-	-	-	-	(22,773,764)	(22,773,764)
Exchange differences arising on translation of foreign operations	-	-	-	714,352	-	714,352
Total comprehensive expense for the period	-	-	-	714,352	(22,773,764)	(22,059,412)
Lapsed share options transferred to accumulated profits	-	(627,101)	-	-	627,101	-
At 30 September 2024 (unaudited)	<u>329,138,773</u>	<u>10,233,673</u>	<u>592,230</u>	<u>(8,206,443)</u>	<u>(16,304,835)</u>	<u>315,453,398</u>

# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024 (unaudited) HK\$	2023 (unaudited) HK\$
<b>Net cash generated from (used in) operating activities</b>	<b>484,308</b>	<b>(5,407,146)</b>
<b>Investing activities</b>		
Interest received	55,537	36,498
Addition of paintings	–	(743,400)
Addition of investment property	(15,300)	–
Addition of property, plant and equipment	(107,820)	(532,839)
Deposits paid for capital expenditure	(565,800)	(51,090)
Proceeds from disposal of paintings	2,784,000	–
Proceeds from disposal of property, plant and equipment	–	233,944
Receipt of finance lease receivables	1,689,105	12,914,811
<b>Net cash generated from investing activities</b>	<b>3,839,722</b>	<b>11,857,924</b>
<b>Financing activities</b>		
Proceeds from shares issued upon exercise of share options	–	1,272,200
Repayment of bank borrowings	–	(1,192,369)
Interest paid	(319,374)	(476,348)
Repayment of lease liabilities	(1,921,051)	(3,348,710)
Advances from an associate	235,000	226,000
Repayment to related companies	(5,555)	(9,860)
<b>Net cash used in financing activities</b>	<b>(2,010,980)</b>	<b>(3,529,087)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,313,050</b>	<b>2,921,691</b>
<b>Cash and cash equivalents brought forward</b>	<b>25,109,626</b>	<b>33,418,651</b>
<b>Effect of foreign exchange rate changes</b>	<b>(57,971)</b>	<b>(1,947,648)</b>
<b>Cash and cash equivalents carried forward</b>	<b>27,364,705</b>	<b>34,392,694</b>
<b>Represented by:</b>		
Cash and cash equivalents	13,042,954	28,109,970
Demand deposits held with security broker companies	14,321,751	6,282,724
	<b>27,364,705</b>	<b>34,392,694</b>



# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules”, respectively) and should be read in conjunction with the annual financial statements for the year ended 31 March 2024.

The financial information relating to the year ended 31 March 2024 that is included in the Interim Report 2024 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 financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2024, except for those due to the application of amendments to HKFRSs issued by the HKICPA.

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2024:

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 HKFRSs in the current interim period has had no material impact on the Group’s financial performance and position for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

The Group’s operating and reportable segments are as follows:

1. Hotel operation in Hong Kong
2. Serviced property letting in the Mainland China
3. Property investment in Hong Kong
4. Property investment overseas
5. Securities investment and trading

INTERIM FINANCIAL INFORMATION  
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**3. REVENUE AND SEGMENT INFORMATION (Continued)**

**Disaggregation of revenue from contracts with customers**

Segments	Six months ended 30 September 2024 (unaudited)		
	Hotel operation in Hong Kong HK\$	Serviced property letting in the Mainland China HK\$	Total HK\$
<b>Types of goods or services</b>			
Hotel operation			
– Hotel rooms revenue	5,459,986	–	5,459,986
– Food and beverages	2,723,892	–	2,723,892
Property management services	–	1,853,035	1,853,035
<b>Total</b>	<b>8,183,878</b>	<b>1,853,035</b>	<b>10,036,913</b>
<b>Geographical markets</b>			
Hong Kong	8,183,878	–	8,183,878
Mainland China	–	1,853,035	1,853,035
<b>Total</b>	<b>8,183,878</b>	<b>1,853,035</b>	<b>10,036,913</b>
<b>Timing of revenue recognition</b>			
A point in time	2,723,892	–	2,723,892
Over time	5,459,986	1,853,035	7,313,021
<b>Total</b>	<b>8,183,878</b>	<b>1,853,035</b>	<b>10,036,913</b>

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Disaggregation of revenue from contracts with customers (Continued)

Segments	Six months ended 30 September 2023 (unaudited)		
	Hotel operation in Hong Kong HK\$	Serviced property letting in the Mainland China HK\$	Total HK\$
<b>Types of goods or services</b>			
Hotel operation			
– Hotel rooms revenue	8,579,574	–	8,579,574
– Food and beverages	3,573,951	–	3,573,951
Property management services	–	3,495,583	3,495,583
<b>Total</b>	<b>12,153,525</b>	<b>3,495,583</b>	<b>15,649,108</b>
<b>Geographical markets</b>			
Hong Kong	12,153,525	–	12,153,525
Mainland China	–	3,495,583	3,495,583
<b>Total</b>	<b>12,153,525</b>	<b>3,495,583</b>	<b>15,649,108</b>
<b>Timing of revenue recognition</b>			
A point in time	3,573,951	–	3,573,951
Over time	8,579,574	3,495,583	12,075,157
<b>Total</b>	<b>12,153,525</b>	<b>3,495,583</b>	<b>15,649,108</b>

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Hotel operation in Hong Kong HK\$	Served property letting in the Mainland China HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	Total HK\$
<b>Six months ended</b>						
<b>30 September 2024</b>						
<b>(unaudited)</b>						
Revenue	8,183,878	1,853,035	541,767	792,231	–	11,370,911
Segment (loss) profit	(202,183)	(8,648,876)	(15,043,000)	568,121	4,720,725	(18,605,213)
Unallocated other income, gains and losses						1,061,461
Unallocated expenses						(5,659,698)
Unallocated finance costs						(286,720)
Share of results of associates						339,583
Loss before tax						(23,150,587)
<b>Six months ended</b>						
<b>30 September 2023</b>						
<b>(unaudited)</b>						
Revenue	12,153,525	4,461,930	391,015	371,706	–	17,378,176
Segment profit (loss)	1,688,305	(384,126)	(2,322,413)	377,645	(1,618,752)	(2,259,341)
Unallocated other income, gains and losses						2,610
Unallocated expenses						(6,570,472)
Unallocated finance costs						(316,732)
Share of results of associates						336,844
Loss before tax						(8,807,091)



# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from external customers by geographical location is analysed below:

	Six months ended 30 September	
	2024 (unaudited) HK\$	2023 (unaudited) HK\$
Hong Kong	8,725,645	12,544,540
Mainland China	1,853,035	4,461,930
Overseas	792,231	371,706
	<u>11,370,911</u>	<u>17,378,176</u>

### 4. LOSS BEFORE TAX

	Six months ended 30 September	
	2024 (unaudited) HK\$	2023 (unaudited) HK\$
Loss before tax has been arrived at after charging:		
Auditor's remuneration	652,500	640,000
Cost of inventories recognised as an expense	1,326,199	1,622,628
Depreciation of property, plant and equipment	1,393,542	1,382,385
Depreciation of right-of-use assets	685,876	785,360
Directors' remuneration and other staff costs:		
– Salaries and other allowances	6,883,111	8,289,957
– Retirement benefit schemes contributions	506,178	523,208
– Share-based payment expenses	–	–
	<u>7,389,289</u>	<u>8,813,165</u>

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. OTHER INCOME, GAINS OR LOSSES

	<b>Six months ended 30 September</b>	
	<b>2024</b>	2023
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$</b>	<b>HK\$</b>
Dividend income from financial assets at FVTPL	439,782	583,062
Change in fair value of financial assets at FVTPL	4,275,907	(2,217,308)
Bank interest income	55,538	36,498
Finance lease interest income	25,764	699,832
Gain on disposal of paintings	1,017,987	–
Impairment loss recognized in respect of finance lease receivables	(3,215,816)	–
(Loss) gain on disposal of property, plant and equipment	(2,841)	46,786
	<u>2,596,321</u>	<u>(851,130)</u>

### 6. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2024</b>	2023
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$</b>	<b>HK\$</b>
Interests on borrowings	243,982	303,088
Interests on lease liabilities	75,392	173,260
	<u>319,374</u>	<u>476,348</u>

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7. INCOME TAX CREDIT

No provision for Hong Kong Profits Tax is required as the individual companies comprising the Group either incurred a loss or had tax losses to offset the assessable profits for both periods.

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

Fiji corporate income tax is calculated in accordance with Income Tax Act at a rate of 25% (30 September 2023: 25%).

### 8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the loss for the Period of HK\$22,773,764 (30 September 2023: HK\$7,750,852) and the number of shares as calculated below:

	Six months ended 30 September	
	2024 (unaudited)	2023 (unaudited)
Weighted average number of ordinary shares for the purpose of dilutive loss per share	<u>752,529,810</u>	<u>751,983,362</u>

The computation of the diluted loss per share for the six months ended 30 September 2024 and 2023 did not assume the exercise of the Company's share options, because this would result in a decrease in the loss per share.

### 9. DIVIDEND

The Board has resolved not to declare the payment of any interim dividend in respect of the Period (30 September 2023: Nil).

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. TRADE RECEIVABLES

Trade debtors mainly comprise receivables from renting of properties and hotel operation. Rentals are payable on presentation of demand notes. No credit is allowed to these customers. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers.

	<b>30 September 2024 (unaudited) HK\$</b>	31 March 2024 (audited) HK\$
Trade receivables		
– contracts with customers	201,218	216,290
– leases	541,293	475,503
	<b>742,511</b>	<b>691,793</b>
	<b>742,511</b>	<b>691,793</b>

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period which approximate the respective date of rendering of services.

	<b>30 September 2024 (unaudited) HK\$</b>	31 March 2024 (audited) HK\$
0–30 days	742,511	691,793
	<b>742,511</b>	<b>691,793</b>

No balance was past due as at 30 September 2024 and 31 March 2024.

Trade receivables aged over 30 days are normally past due.

INTERIM FINANCIAL INFORMATION  
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**11. TRADE AND OTHER PAYABLES AND ACCRUALS**

	<b>30 September 2024 (unaudited) HK\$</b>	31 March 2024 (audited) HK\$
Trade payables	372,534	389,346
Other payables and accruals	8,391,118	6,919,960
Rental receipt in advance	111,038	111,875
	<u>8,874,690</u>	<u>7,421,181</u>

The following is an aged analysis of the trade payables based on invoice date:

	<b>30 September 2024 (unaudited) HK\$</b>	31 March 2024 (audited) HK\$
0–30 days	202,276	151,604
31–60 days	156,754	189,916
Over 60 days	13,504	47,826
	<u>372,534</u>	<u>389,346</u>

The average credit period on purchase of goods is 60 days.

Included in the other payables and accruals of HK\$3,053,047 (31 March 2024: HK\$1,802,172) related to accrued professional fees.



# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. BANK BORROWINGS

	30 September 2024 (unaudited) HK\$	31 March 2024 (audited) HK\$
The secured bank borrowings are repayable as follows:		
– Within one year*	<u>8,433,757</u>	<u>8,433,757</u>
Carrying amount of secured bank borrowing that contain a repayment on demand clause (shown under current liabilities) but payable:		
– Within one year	<u>8,433,757</u>	<u>8,433,757</u>
	<u>8,433,757</u>	<u>8,433,757</u>
Less: Amount due within one year shown under current liabilities	<u>(8,433,757)</u>	<u>(8,433,757)</u>
Amount due after one year shown under non-current liabilities	<u>–</u>	<u>–</u>

\* The amounts due are based on schedule repayment dates set out in the loan agreements.

The bank borrowings carry floating-rate interest based on the Hong Kong Interbank Offered Rate plus 1.3% ranged from 5.30% to 6.03% (30 September 2023: 3.13% to 4.90%).

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. SHARE CAPITAL

	Number of shares	HK\$
Issued and fully paid:		
Ordinary shares with no par value		
At 1 April 2023	748,529,810	327,866,573
Exercise of share options ( <i>note a</i> )	<u>4,000,000</u>	<u>1,272,200</u>
At 31 March 2024, 1 April 2024 and 30 September 2024	<u><u>752,529,810</u></u>	<u><u>329,138,773</u></u>

*Note:*

- a. During the year ended 31 March 2024, 1,000,000 share options (granted on 23 October 2015), 1,000,000 share options (granted on 23 October 2017), 1,000,000 share options (granted on 25 March 2020) and 1,000,000 share options (granted on 18 August 2021) were exercised by one Director at HK\$0.5600, HK\$0.4430, HK\$0.1420 and HK\$0.1272 per share, respectively.

### 14. OPERATING LEASES

#### The Group as lessor

The properties have committed tenants for a remaining term of one to five years (31 March 2024: one to five years) at fixed rental.

Minimum lease payments receivable on leases are as follows:

	30 September 2024 (unaudited) HK\$	31 March 2024 (audited) HK\$
Within one year	1,864,679	2,010,379
In the second year	1,906,071	1,917,671
In the third year	1,998,771	1,901,271
In the fourth year	1,121,271	2,096,271
In the fifth year	<u>475,381</u>	<u>548,516</u>
	<u><u>7,366,173</u></u>	<u><u>8,474,108</u></u>

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "Model Code") were as follows:

#### (a) Long position in the ordinary shares of the Company (the "Shares") and underlying Shares

Name of Directors/ Chief executive	Number of issued Shares held			Number of underlying Shares held (Note 3)	Total	Approximate percentage of issued Shares
	Personal interests (held as a beneficial owner)	Corporate interests (held as a controlled corporation)	Other interests			
Mr. Derek Chiu	99,975,471	82,598,000 (Notes 1 and 2)	–	21,893,000	204,466,471	27.171%
Ms. Amanda Chiu	5,000,000	–	–	18,500,000	23,500,000	3.123%
Madam Chiu Ju Ching Lan	188,000	–	4,807,200 (Note 4)	–	4,995,200	0.664%
Mr. Alex Chiu	–	–	–	8,100,000	8,100,000	1.076%
Mr. Choy Wai Shek Raymond	7,000,000	–	–	–	7,000,000	0.930%
Mr. Ng Wing Hang Patrick (Note 5)	–	–	–	4,000,000	4,000,000	0.532%
Mr. Ng Chi Kin	12,000	–	–	–	12,000	0.002%

#### Notes:

- The 80,218,000 Shares were held by Energy Overseas Ltd., a company wholly owned by Mr. Derek Chiu, an executive Director who is also the chairman of the Board (the "Chairman"), managing director (the "Managing Director") and the chief executive (the "Chief Executive") of the Company.
- The 2,380,000 Shares were held by Vision Aim Holdings Limited, a company wholly owned by Mr. Derek Chiu, an executive Director who is also the Chairman, the Managing Director and the Chief Executive.

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

3. The underlying Shares were comprised in the share options granted to the Directors. Please refer to section (b) “Share options of the Company” below for further details.
4. Madam Chiu Ju Ching Lan held 4,807,200 Shares as the administrator of the estate of the late Mr. Deacon Te Ken Chiu.
5. The late Mr. Ng Wing Hang Patrick passed away on 9 November 2024.

### (b) Share options of the Company

Pursuant to an ordinary resolution duly passed by shareholders of the Company on 2 September 2016, the Company’s old share option scheme adopted on 1 June 2007 (the “Old Scheme”) was terminated on 2 September 2016 and the New Scheme was adopted for a period of 10 years commencing on the adoption date. Upon the termination of the Old Scheme, no further options were granted thereunder, and the options granted prior to and remaining outstanding at the termination shall continue to be valid and exercisable in accordance with the terms of the Old Scheme. On 9 September 2020, a resolution has been approved by the shareholders to refresh the limit of granting option under the New Scheme. More information can be referred in the Company’s circular dated 31 July 2020.

Movements of share options under the Old Scheme and the New Scheme held by the Directors and employees are as follows:

Category of grantees	Number of underlying Shares comprised in share options					Exercise price per Share HK\$	Grant date	Exercisable period	
	Held as at 1 April 2024	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	Held as at 30 September 2024			From	To
<b>Executive Directors</b>									
Mr. Derek Chiu	6,000,000	-	-	-	6,000,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	6,070,000	-	-	-	6,070,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	6,100,000	-	-	-	6,100,000	0.3400	18/03/2019	18/03/2019	17/03/2029
	3,723,000	-	-	-	3,723,000	0.1420	25/03/2020	25/03/2020	24/03/2030
Ms. Amanda Chiu	4,000,000	-	-	-	4,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	2,100,000	-	-	-	2,100,000	0.3570	06/08/2018	06/08/2018	05/08/2028
	4,000,000	-	-	-	4,000,000	0.3400	18/03/2019	18/03/2019	17/03/2029
	6,100,000	-	-	-	6,100,000	0.1420	25/03/2020	25/03/2020	24/03/2030
	2,300,000	-	-	-	2,300,000	0.1272	18/08/2021	18/08/2021	17/08/2031

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

Category of grantees	Number of underlying Shares comprised in share options					Exercise price per Share HK\$	Grant date	Exercisable period	
	Held as at 1 April 2024	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	Held as at 30 September 2024			From	To
<b>Non-executive Director</b>									
Mr. Alex Chiu	2,000,000	-	-	-	2,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	4,100,000	-	-	-	4,100,000	0.3570	06/08/2018	06/08/2018	05/08/2028
	2,000,000	-	-	-	2,000,000	0.3400	18/03/2019	18/03/2019	17/03/2029
<b>Independent Non-executive Directors</b>									
<b>Mr. Ip Shing Hing</b>									
(Note 1)	1,000,000	-	-	(1,000,000)	-	0.5600	23/10/2015	23/10/2015	22/10/2025
	1,000,000	-	-	(1,000,000)	-	0.4430	23/10/2017	23/10/2017	22/10/2027
	1,000,000	-	-	(1,000,000)	-	0.1420	25/03/2020	25/03/2020	24/03/2030
	1,000,000	-	-	(1,000,000)	-	0.1272	18/08/2021	18/08/2021	17/08/2031
<b>Mr. Ng Wing Hang Patrick</b>									
(Note 2)	1,000,000	-	-	-	1,000,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	1,000,000	-	-	-	1,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	1,000,000	-	-	-	1,000,000	0.1420	25/03/2020	25/03/2020	24/03/2030
	1,000,000	-	-	-	1,000,000	0.1272	18/08/2021	18/08/2021	17/08/2031
<b>Aggregate for employees</b>									
	800,000	-	-	-	800,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	1,000,000	-	-	-	1,000,000	0.1272	18/08/2021	18/08/2021	17/08/2031
	<u>58,293,000</u>	<u>-</u>	<u>-</u>	<u>(4,000,000)</u>	<u>54,293,000</u>				

### Notes:

- Mr. Ip Shing Hing retired as an independent non-executive Director with effect from the conclusion of an annual general meeting of the Company held on 2 September 2024 (the "2024 AGM").
- The late Mr. Ng Wing Hang Patrick passed away on 9 November 2024.

No vesting period was provided for the above share options granted.



## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

4,000,000 share options lapsed during the Period.

Save for the above, no share options were granted or exercised or cancelled or lapsed during the Period.

As at 1 April 2024 and 30 September 2024, the total number of share options available for grant under the Old Scheme were Nil and the New Scheme were 41,471,067.

The total number of Shares that may be issued in respect of share options granted under all schemes of the Company during the Period divided by the weighted average number of Shares in issue for the Period was Nil.

As at the date of this report, the Company has outstanding share options comprising 54,293,000 underlying Shares under the Old Scheme and the New Scheme, which representing approximately 7.21% of the Shares in issue as at that date.

Save as disclosed above, as at 30 September 2024, none of the Directors nor the chief executive of the Company, had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### **OPTIONS TO TAKE UP UNISSUED SHARES**

During the Period, no Shares were issued by virtue of the exercise of an option under the Old Scheme or the New Scheme.

# ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as the interests of certain Directors disclosed under the section headed “Directors’ and Chief Executive’s Interests and Short Position in Shares, Underlying Shares and Debentures”, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and as far as the Directors are aware, as at 30 September 2024, the following persons who (other than a Director or the chief executive of the Company) or corporations which had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the total number of Shares in issue carrying rights to vote in all circumstances at general meeting of the Company:

### Long position in the Shares

Name of shareholders	Capacity/Nature of interests	Number of issued Shares held	Approximate percentage of issued Shares
Mr. Deacon Te Ken Chiu (deceased) ( <i>Notes 1 and 3</i> )	Beneficial owner/Personal interest; and interest in controlled corporations/ Corporate interest	113,726,476	15.113%
Achiemax Limited ( <i>Note 1</i> )	Beneficial owner/Personal interest	72,182,400	9.592%
Energy Overseas Ltd. ( <i>Note 2</i> )	Beneficial owner/Personal interest	80,218,000	10.66%

#### Notes:

1. The late Mr. Deacon Te Ken Chiu beneficially owned 12,491,424 Shares. Of the remaining 101,235,052 Shares, (i) 100,939,842 Shares were held by various private companies wholly owned by the late Mr. Deacon Te Ken Chiu of which 72,182,400 Shares were held by Achiemax Limited; and (ii) 295,210 Shares were held by Far East Consortium International Limited, a wholly-owned subsidiary of Far East Consortium International Limited. The late Mr. Deacon Te Ken Chiu was a controlling shareholder of these companies and a director of Achiemax Limited.
2. Energy Overseas Ltd. is a company wholly owned by Mr. Derek Chiu (an executive Director who is also the Chairman, the Managing Director and the Chief Executive) who is also its director.
3. Madam Chiu Ju Ching Lan, a non-executive Director, held 4,807,200 Shares as the administrator of the estate of the late Mr. Deacon Te Ken Chiu.

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

Save as disclosed above, as at 30 September 2024, the Company has not been notified of any persons who (other than a Director or the chief executive of the Company) or corporations which had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the total number of Shares in issue carrying rights to vote in all circumstances at general meeting of the Company.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as the share options disclosed above, at no time during the Period was the Company, or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

During the Period, the Company did not redeem any of the Shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

### MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a new code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Following a specific enquiry made by the Company with each Director, the Directors have confirmed that they had fully complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the Period.

### CORPORATE GOVERNANCE

Throughout the Period, the Company has complied with all the code provisions of the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules (the "Code"), except for the following:

Code provision C.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The role of chairman is responsible for formulating and setting the Group's strategies and policies in conjunction with the Board.

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

The role of chief executive is responsible for managing the Group's strategic initiatives, investor relations, corporate and investor communications, mergers or acquisitions, and financing.

Mr. Derek Chiu, an executive Director, the Managing Director and the Chief Executive was appointed as the Chairman on 19 July 2023. The Board believes that vesting the roles of the Chairman and the Managing Director and the Chief Executive in the same person has the benefit of ensuring strong consistent leadership with the Group and enable more effective and efficient planning and implementation of business decisions and strategies. The Board also believes that it will not impair the balance of power and authority between the Board and the management of the Company.

In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, with the independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Code, and maintain a high standard of corporate governance practices of the Company.

### CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information since the date of the Company's 2024 annual report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules and up to the date of this report are set out below:

Mr. Ip Shing Hing ("Mr. Ip") retired as an independent non-executive Director and ceased to be the chairman of the nomination committee (the "Nomination Committee") and a member of each of the audit committee (the "Audit Committee") and the remuneration committee (the "Remuneration Committee") of the Board with effect from the conclusion of 2024 AGM.

Following the retirement of Mr. Ip, Mr. Ng Chi Kin, an independent non-executive Director, has been appointed as the chairman of the Nomination Committee with effect from the conclusion of the 2024 AGM.

Mr. Ng Wing Hang Patrick ("Mr. Patrick Ng"), an independent non-executive Director, the chairman of the Audit Committee, and a member of the Nomination Committee and the Remuneration Committee, passed away on 9 November 2024.



## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

### COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE LISTING RULES

As disclosed in an announcement of the Company dated 12 November 2024, following the passing away of Mr. Patrick Ng, the number of independent non-executive Directors falls short of the minimum number required under Rule 3.10(1) of the Listing Rules and the number of members in the Audit Committee fails to meet the requirement under Rule 3.21 of the Listing Rules. The Company will seek to appoint a new independent non-executive Director and to fill the vacancy of the committees of the Board as soon as practicable and within three months as stipulated under Rules 3.11 and 3.23 of the Listing Rules.

### REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises all of the independent non-executive Directors, Mr. Choy Wai Shek Raymond and Mr. Ng Chi Kin.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed financial reporting matters, including a review of the unaudited consolidated financial statements and this report of the Company for the Period.

On behalf of the Board

**Derek Chiu**

*Executive Director, Chairman, Managing Director and Chief Executive*

Hong Kong, 28 November 2024



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