



RYKADAN
CAPITAL

RYKADAN CAPITAL LIMITED

宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 2288)

2024

**INTERIM
REPORT**



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHAN William

(Chairman and Chief Executive Officer)

LO Hoi Wah, Heywood

(Chief Financial Officer)

Non-executive Director

NG Tak Kwan

Independent Non-executive Directors

HO Kwok Wah, George

TO King Yan, Adam

KHAN Sabrina

AUDIT COMMITTEE

HO Kwok Wah, George *(Chairman)*

TO King Yan, Adam

KHAN Sabrina

REMUNERATION COMMITTEE

HO Kwok Wah, George *(Chairman)*

TO King Yan, Adam

KHAN Sabrina

NOMINATION COMMITTEE

CHAN William *(Chairman)*

HO Kwok Wah, George

TO King Yan, Adam

COMPANY SECRETARY

LUI Man Kit

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditor

LEGAL ADVISORS

Woo, Kwan, Lee & Lo

北京德恒(福州)律師事務所

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

The Macau Chinese Bank Limited

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2701 & 2801, Rykadan Capital Tower

135 Hoi Bun Road, Kwun Tong, Kowloon

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited

Suite 3204, Unit 2A, Block 3, Building D

P.O. Box 1586, Gardenia Court, Camana Bay

Grand Cayman, KY1-1100

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

STOCK CODE

2288

COMPANY'S WEBSITE

www.rykadan.com

INVESTOR RELATIONS CONTACT

Think Alliance Group

Level 9, BOC Group Life Assurance Tower

136 Des Voeux Road Central

Hong Kong

Management Discussion and Analysis

OVERVIEW

During the interim period, economic activities in Hong Kong continued to be soft, coupled with market uncertainties and high financing costs, all of which weighed on investor and consumer confidence. Despite these challenges, the Group focused on asset monetisation and has been effectively delivering ongoing projects.

The Group remains committed to its long-term strategy of managing its value-added projects and investment portfolio, efficiently growing the asset value and monetising them within a three-to-five-year period. While continuing to navigate this complex environment with near-term market fluctuations, the Group adheres to its longer-term investment principles to preserve value for its shareholders.

In Hong Kong, following the completion of the Wong Chuk Hang Project which is held by Fastest Runner Limited and its subsidiaries (the “Fastest Runner Group”, a group of associates of the Company) and the Jaffe Road Project which is held by another group of associates of the Company, namely Waltz Delight Limited and its associated companies, the Group continued to hand over more sold units and sell the remaining units with effective marketing approaches. The new design and sustainable building principles that the Group incorporated in the Wong Chuk Hang Project which won three international design awards, continued to attract buying interest and helped partially mitigate the prevalent soft market conditions.

In the United States of America (the “U.S.A.”), the Group continued to monetise its diversified property redevelopment projects, whereas, in the United Kingdom (the “U.K.”), the Group continued to make progress with the ongoing construction of the Graphite Square Project in which it has a minority stake.

Confronted with market uncertainties and declining asset prices, the Group relied on its prudent risk management to mitigate downside risks while cautiously identifying real estate investment projects that can generate target returns. Under higher borrowing costs and pressure on commercial real estate, the Group is adamant about preserving liquidity. Thorough risk management practices and oversight of asset, investment and fund management business enabled the Group to optimise its income streams and protect its investments.

During the six months under review, the Group’s investments included commercial and residential property redevelopments in Hong Kong, the U.S.A. and the U.K.. It also invested in a leading international producer and distributor of construction and interior decorative materials, as well as hospitality operations.

Management Discussion and Analysis

As of 30 September 2024, the Group's total assets were valued at HK\$995 million (31 March 2024: HK\$1,148 million), of which HK\$502 million (31 March 2024: HK\$572 million) were current assets, approximately 2.38 times (31 March 2024: 2.09 times) of its current liabilities. Equity attributable to owners of the Company was HK\$774 million (31 March 2024: HK\$861 million).

OVERALL PERFORMANCE

During the six-month period ended 30 September 2024, the Group's consolidated revenue amounted to HK\$74 million (six-month period ended 30 September 2023: HK\$5 million). The consolidated revenue was mainly attributable to the ongoing monetisation of property redevelopment project in the Group's portfolio and the recurring income generated from the Group's asset, investment and fund management business. The Group recorded a gross profit of HK\$9 million (six-month period ended 30 September 2023: gross loss of HK\$13 million). The increase was mostly attributed to a high base effect related to the gain from the monetisation of property redevelopment project during the six-month period under review and in the absence of a one-off writing down of a property redevelopment project recognised during the six-month period ended 30 September 2023.

The Group recorded a loss for the period of HK\$91 million (six-month period ended 30 September 2023: HK\$60 million), while the loss attributable to owners of the Company was HK\$89 million (six-month period ended 30 September 2023: HK\$59 million).

The loss was mainly attributable to the decrease in fair value of investment properties and the absorption of losses incurred by joint ventures and associates as a result of the challenging macro environment.

Basic loss per share for the six-month period ended 30 September 2024 was HK23.6 cents (six-month period ended 30 September 2023: HK15.6 cents). No diluted loss per share for both periods was presented as there were no potential ordinary shares outstanding during both periods.

The Board of Directors (the "Board") does not recommend the payment of an interim dividend for the six-month period ended 30 September 2024 (six-month period ended 30 September 2023: HK\$Nil per share).

Management Discussion and Analysis

MATERIAL ACQUISITION AND DISPOSAL

On 23 July 2024, Worth Celestial Limited (a wholly-owned subsidiary of the Company) (the “RH Purchaser”), entered into a sale and purchase agreement with a director of the Company and his spouse (collectively referred to as the “RH Vendors”) in relation to the acquisition of 100% equity interests in Cosmo Kingdom Holdings Limited (a property holding company jointly owned by the RH Vendors with a luxury residential property in Hong Kong as its main asset), pursuant to which the RH Vendors have conditionally agreed to sell the sale shares and assign the sale loan, and the RH Purchaser has conditionally agreed to purchase the sale shares and take up the assignment of the sale loan free from all encumbrances (the “Acquisition”).

Given that the RH Vendors are connected persons of the Company, such proposed transactions will constitute connected transactions as defined in Chapter 14A of the Listing Rules. The Acquisition was approved by the independent shareholders at an extraordinary general meeting held on 16 September 2024. The details of the Acquisition are referred to the announcement of the Company dated 23 July 2024 and the circular of the Company dated 30 August 2024. The Acquisition has not been completed as at 30 September 2024.

Save as disclosed above, there was no material acquisition and disposal during the period.

INVESTMENT PORTFOLIO

As at 30 September 2024, the Group’s bank deposits and cash was HK\$96 million (31 March 2024: HK\$101 million), representing 9.6% (31 March 2024: 8.8%) of the Group’s total assets.

Management Discussion and Analysis

The following table shows the Group's investments as at 30 September 2024.

Real estate investments

Investment	Location	Type	Group's interest	Status as of 30/09/2024	Area	Attributable area
Winston Project	1135 Winston Avenue, San Marino, CA 91108, the U.S.A.	Residential property	100%	Completed and being marketed to buyers	4,021 square feet (gross floor)	4,021 square feet (gross floor)
Monterey Park Towne Centre Project	100, 120, 150, 200 South Garfield and 114 East Garvey and City Parking Lot, Monterey Park, CA 91755, the U.S.A.	Residential and retail property	100%	Under planning	237,644 square feet (gross floor)	237,644 square feet (gross floor)
Graphite Square Project	Graphite Square, Vauxhall, London SE11, the U.K.	Residential and commercial property	21.25%	Under construction. Expected to be completed in January 2025	27,523 square metres (gross floor)	5,849 square metres (gross floor)
Jaffe Road Project	216, 216A, 218, 220 and 222A Jaffe Road, Wanchai, Hong Kong	Commercial and retail property	3.55%	Completed and being marketed to buyers	10,792 square feet (saleable)	383 square feet (saleable)
Wong Chuk Hang Project	23 Wong Chuk Hang Road, Hong Kong	Commercial and retail property	24.21%	Completed and being marketed to buyers	36,618 square feet (saleable)	8,865 square feet (saleable)
2702, 2802, 2803, 2804 and various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong	Commercial property	100%	Completed (classified as investment properties)	13,467 square feet (gross floor)	13,467 square feet (gross floor)
Various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong	Commercial property	100%	Completed (classified as properties for sale)	N/A	N/A
Shouson Hill Project	House 11 (including two car parking spaces), No. 1 Shouson Hill Road East, Hong Kong	Residential property	20%	Investment properties	2,657 square feet (saleable)	531 square feet (saleable)

Note: The above gross floor area for projects under planning and construction is calculated based on the Group's development plans, which may be subject to change.

Management Discussion and Analysis

Other investments

Investment	Business/type	Group's interest
Q-Stone Building Materials Limited	Distribution of construction and interior decorative materials	87%
Quarella Holdings Limited	A joint venture, producer of quartz and marble-based engineered stone composite surfaces products	43.5%
RS Hospitality Private Limited ("RS Hospitality")	A joint venture for operating a 24-suite boutique resort in Bhutan	50%

SUMMARY AND REVIEW OF INVESTMENTS

Property development/Asset, investment and fund management

During the six-month period under review, the Group continued to promote and market its completed projects in Hong Kong and overseas.

The Group reinforced its efforts to market the Jaffe Road Project and the Wong Chuk Hang Project in Hong Kong. As of 30 September 2024, over 79% of the available-for-sale units of the Jaffe Road Project and over 59% of the available-for-sale units and car parking spaces of the Wong Chuk Hang Project were sold and handed over to buyers. The remaining units of these projects are being actively marketed to potential buyers.

In the U.S.A., the Group continued to assess divestment opportunities. During the period, the Anoakia Project was sold and the Broadway Project was fully divested. Meanwhile, the completed Winston Project is being marketed to buyers. These properties are located in California, the U.S.A..

The Group's Monterey Park Towne Centre Project is currently in the planning phase as it adapts to the new zoning policies and recent changes in market conditions. Due to the complexities involved, the Group has engaged in ongoing negotiation with multiple stakeholders, including city planners, to adapt the project to state policies that promote affordable housing. The Group anticipates further discussion on a revised plan, with higher-density options.

The Graphite Square Project, in which the Group has a minority stake in the U.K., has received strong interest from offshore buyers. A significant portion of the available-for-sale units has been pre-sold to buyers. The Graphite Square Project is scheduled to be completed by January 2025. A new phase to market the remaining units to affluent buyers has commenced.

Management Discussion and Analysis

The Group is dedicated to enhancing shareholders' returns through its asset, investment and fund management business. By broadening its capital base through collaborations with quality partners and carefully selecting property projects, the Group reinforces its financial position and makes its investment portfolio more diversified and resilient to the sluggish real estate market.

As asset prices begin to stabilise across the regions, given the start of the rate-cut cycle, the net proceeds from previous asset sales could be redeployed into other high-potential redevelopment projects.

Property investment

The Group also holds several properties as investments in Hong Kong and Bhutan.

In Hong Kong, the Group retains two floors and various car parking spaces of Rykadan Capital Tower and a minority stake of the Shouson Hill Project for its own use and/or for earning stable rental income or potential capital appreciation.

The Group holds an investment in a 24-suite boutique resort located in Punakha Valley of Bhutan, which is operated by RS Hospitality. Bhutan aims to attract a number of select high-paying visitors instead of a large influx of budget tourists. This strategy will help preserve the Group's investment while protecting Bhutan's unique heritage and providing high-quality experiences for tourists.

Distribution of construction and interior decorative materials

Quarella, controlled by Quarella Holdings Limited and its subsidiaries (the "Quarella Group"), joint-ventures of the Group, is a world leader in the design and manufacturing of quartz and marble-based engineered stone composite surfaces products. With its advanced factories and research and development centres in Italy, its products are used in a number of prominent hotels, airports, train stations, commercial buildings and shopping malls in markets around the world.

During the six-month period under review, the macroeconomic recovery remains challenging due to the delay of large-scale projects. However, Quarella has proactively responded to the situation by developing a new line of price-competitive products. These products are strategically targeting middle-class consumers and interior design communities across Greater China and Southeast Asia, demonstrating Quarella's commitment to meeting evolving customers' requirements across different price points.

Management Discussion and Analysis

OUTLOOK

The Group is cautiously optimistic about the near-term outlook in the face of growing geopolitical tensions and rising costs. While it welcomes new stimulating measures and the beginning of the rate-cut cycle, geopolitical and trade tensions still pose many uncertainties, keeping the business environment challenging.

While modest increase in real estate market transactions and the Hong Kong Government's revamped Capital Investment Entrant Scheme have slightly improved the investment sentiment in Hong Kong, the Group sees that it needs longer time for recovery to kick in. In contrast, the U.S.A. consumer spending and investment sentiment have fared more favourably, given its relatively resilient job market and low housing inventory. With a diversified investment portfolio, the Group will focus on projects that yield higher returns and apply measures to mitigate investment risks.

Regarding the hospitality business in Bhutan, with the local government's "high-value, low-impact" tourism policy, Bhutan will continue to attract wealthier investors. As Bhutan becomes the premier travel destination for the mindful, responsible and more affluent groups, the Group's Bhutan investment is expected to generate better returns. This demonstrates its investment team's experience and diligent selection process to identify promising projects for its investors.

While uneven recovery is expected to persist, the Group will leverage its experienced investment team to identify high-return projects and generate better shareholder returns.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

The Group adheres to the principle of prudent financial management to minimise financial and operational risks across its various business units in Hong Kong and overseas. In order to implement this principle, the control of the Group's financial, capital management and external financing functions are centralised at its headquarters in Hong Kong.

The Group mainly relies upon internally generated funds and bank borrowings to finance its operations and expansion.

As of 30 September 2024, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 21.4% (31 March 2024: 24.1%). The net gearing ratio (net debts, as defined by total debts less unrestricted bank balances and cash, to equity attributable to owners of the Company) was 15.2% (31 March 2024: 20.3%) as the Group has net debts of HK\$117 million as at 30 September 2024 (31 March 2024: HK\$175 million).

Management Discussion and Analysis

As of 30 September 2024, the total bank borrowings of the Group amounted to HK\$213 million (31 March 2024: HK\$276 million). The bank borrowings of the Group were mainly used to finance the retaining of two floors of Rykadan Capital Tower, the property redevelopment projects and the Shouson Hill Project in Hong Kong, and its investment in Quarella. Certain portions of the bank borrowings were secured by investment properties, properties for sale and buildings. Further costs for developing the property redevelopment projects and the Quarella business will be financed by unutilised banking facilities or internally generated funds.

As of 30 September 2024, the Group's current assets and current liabilities were HK\$502 million (31 March 2024: HK\$572 million) and HK\$211 million (31 March 2024: HK\$274 million), respectively. The Group's current ratio increased to 2.38 (31 March 2024: 2.09). The internally generated funds and unutilised banking facilities enable the Group to meet its business development needs.

The Group will cautiously seek new investment and development opportunities in order to balance risks and opportunities and maximise shareholders' value.

Failure to Satisfy Financial Covenants

During the period, in respect of bank loan of HK\$120,000,000 utilised out of the relevant bank facility of HK\$120,000,000 granted from a relevant banker at 30 September 2024, the Group has failed to satisfy one of the financial covenants which is the net worth requirement stipulated in relevant banking facility agreement. The directors of the Company are in discussion with the relevant banker for the necessary waiver and renegotiating with them on the terms of the relevant bank loan. At 30 September 2024, the negotiation had not been concluded and the relevant bank loan which is originally due within one year, could be immediately due and payable.

Up to the date of approval for issuance of these interim financial statements, the negotiation is still in progress and the Group is yet to obtain the relevant waiver from the relevant banker, who has not made any demand for immediate repayment of the relevant bank loan. Based on the communication and prior negotiation experiences with the relevant banker, the directors of the Company are confident that the necessary waiver will be obtained or the relevant banker and the Group will be able to reach mutually acceptable revised terms regarding the relevant bank loan. In any event, should the relevant banker calls for immediate repayment of the relevant bank loan, there are adequate alternative sources of finance available to ensure that there is no threat to the continuing operations of the Group. Notwithstanding the failure to satisfy such financial covenant, the Group has not experienced any difficulties in obtaining financing with its banks for its working capital. The Company will continue to monitor the progress of the negotiation with the relevant banker.

Management Discussion and Analysis

Pledge of Assets

For the pledge of assets, please refer to note 13 to the unaudited interim financial report.

Commitments and Contingent Liabilities

For the commitments and contingent liabilities, please refer to notes 16 and 18 to the unaudited interim financial report respectively.

Exposure to Fluctuations in Exchange Rates and Interest Rates and Corresponding Hedging Arrangements

The Group operates in various regions with different foreign currencies mainly including United States Dollars, British Pounds, Canadian Dollars and Renminbi.

Certain of the Group's bank borrowings have been made at floating rates.

The Group has not implemented any foreign currencies and interest rates hedging policy. However, the Group's management will monitor foreign currencies and interest rates exposures of each business segment and consider appropriate hedging policies in the future when necessary.

Credit Exposure

The Group continues to prudently monitor and review from time to time the credit policies to deal with the credit exposure under the current macroeconomic condition, in order to minimise the Group's credit risk exposure. For trade receivables, the Group's management regularly evaluates the recoverability and the financial position of its customers, majority of whom are institutional organisations and reputable property developers, such that the Group is not exposed to significant credit risk. For loans and other receivables, the Group performs credit assessments before approving loans to applicants and regularly reviews the recoverability of each individual receivable.

Employees and Remuneration Policies

As at 30 September 2024, the total number of employees of the Group is 22 (31 March 2024: 22). The Group is committed to the concept of fair and responsible remuneration for its executive members and prescribed officers in line with the Company's and individual performance, market trends and in the context of overall employee remuneration. Total remuneration for employees (including the directors' remuneration) was HK\$14 million for the period (six-month period ended 30 September 2023: HK\$14 million).

Consolidated Income Statement

For the six-month period ended 30 September 2024 – Unaudited

(Expressed in Hong Kong dollars)

	Notes	Six-month period ended 30 September	
		2024 HK\$'000	2023 HK\$'000
Revenue	3	73,821	5,431
Cost of sales and services		(64,601)	(18,438)
Gross profit (loss)		9,220	(13,007)
Other revenue		4,259	2,507
Other net gain (loss)		1,789	(3,016)
Selling and marketing expenses		(2,321)	(47)
Impairment loss on trade receivables, net		–	(6,180)
Administrative and other operating expenses		(19,269)	(13,865)
Loss from operations		(6,322)	(33,608)
Decrease in fair value of investment properties		(55,300)	(1,700)
Finance costs	4(a)	(6,570)	(8,032)
Share of results of associates		(7,024)	(5,630)
Share of results of joint ventures		(15,868)	(11,011)
Loss before taxation		(91,084)	(59,981)
Income tax expense	5	–	(1)
Loss for the period	4	(91,084)	(59,982)
Attributable to:			
– Owners of the Company		(88,757)	(58,610)
– Non-controlling interests		(2,327)	(1,372)
Loss for the period		(91,084)	(59,982)
Loss per share	6	HK\$	HK\$
Basic		(23.6) cents	(15.6) cents
Diluted		N/A	N/A

Consolidated Statement of Comprehensive Income

For the six-month period ended 30 September 2024 – Unaudited

(Expressed in Hong Kong dollars)

	Six-month period ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Loss for the period	(91,084)	(59,982)
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences arising on translation of foreign operations	(1,184)	(572)
– Share of translation reserve of joint ventures, net of related income tax	2,669	(2,693)
Other comprehensive income for the period	1,485	(3,265)
Total comprehensive income for the period	(89,599)	(63,247)
Attributable to:		
– Owners of the Company	(87,629)	(61,352)
– Non-controlling interests	(1,970)	(1,895)
	(89,599)	(63,247)

Consolidated Statement of Financial Position

At 30 September 2024 – Unaudited

(Expressed in Hong Kong dollars)

	Notes	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Non-current assets			
Investment properties	7	99,200	154,500
Other properties, plant and equipment		33,143	33,964
Right-of-use assets		3,114	3,442
Interests in associates	8	174,998	178,766
Interests in joint ventures	9	182,462	205,096
Financial assets measured at fair value through other comprehensive income		–	–
		492,917	575,768
Current assets			
Properties for sale		335,390	399,121
Inventories		801	797
Trade receivables	10	23,089	22,277
Other receivables, deposits and prepayments	11	7,413	8,742
Loan to an associate	8	40,000	40,000
Bank deposits and cash on hand		95,587	100,897
		502,280	571,834
Current liabilities			
Trade and other payables	12	14,484	13,604
Contract liabilities		321	615
Bank loans	13	194,586	257,571
Lease liabilities		545	527
Tax payable		1,205	1,212
		211,141	273,529
Net current assets		291,139	298,305

Consolidated Statement of Financial Position

At 30 September 2024 – Unaudited

(Expressed in Hong Kong dollars)

		At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Total assets less current liabilities		784,056	874,073
Non-current liabilities			
Bank loans	13	18,403	18,522
Lease liabilities		2,723	3,022
Deferred tax liabilities		1,058	1,058
		22,184	22,602
		761,872	851,471
CAPITAL AND RESERVES			
Share capital		3,754	3,754
Reserves		769,990	857,619
Equity attributable to owners of the Company		773,744	861,373
Non-controlling interests		(11,872)	(9,902)
		761,872	851,471

Consolidated Statement of Changes in Equity

For the six-month period ended 30 September 2024 – Unaudited

(Expressed in Hong Kong dollars)

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000 (note (i))	Translation reserve HK\$'000	Actuarial reserve HK\$'000	Other reserve HK\$'000 (note (iii))	Revaluation reserve HK\$'000 (note (iii))	Fair value reserve (non-recycling) HK\$'000 (note (iv))	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2024	3,754	400,859	4,433	(8,595)	22	35,440	11,474	(15,850)	429,836	861,373	(9,902)	851,471
Changes in equity for the six-month period ended 30 September 2024:												
Loss for the period	-	-	-	-	-	-	-	-	(88,757)	(88,757)	(2,327)	(91,084)
Other comprehensive income	-	-	-	1,128	-	-	-	-	-	1,128	357	1,485
Total comprehensive income for the period	-	-	-	1,128	-	-	-	-	(88,757)	(87,629)	(1,970)	(89,599)
At 30 September 2024	3,754	400,859	4,433	(7,467)	22	35,440	11,474	(15,850)	341,079	773,744	(11,872)	(761,872)

Consolidated Statement of Changes in Equity

For the six-month period ended 30 September 2024 – Unaudited

(Expressed in Hong Kong dollars)

	Attributable to owners of the Company											
	Share capital	Share premium	Statutory reserve	Translation reserve	Actuarial reserve	Other reserve	Revaluation reserve	Fair value reserve (non-recycling)	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000 (note (i))	HK\$'000	HK\$'000	HK\$'000 (note (ii))	HK\$'000 (note (iii))	HK\$'000 (note (iv))	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023	3,754	400,859	4,433	(8,024)	69	35,440	11,474	(15,850)	603,722	1,035,877	(5,985)	1,029,892
Changes in equity for the six-month period ended 30 September 2023:												
Loss for the period	-	-	-	-	-	-	-	-	(58,610)	(58,610)	(1,372)	(59,982)
Other comprehensive income	-	-	-	(2,742)	-	-	-	-	-	(2,742)	(523)	(3,265)
Total comprehensive income for the period	-	-	-	(2,742)	-	-	-	-	(58,610)	(61,352)	(1,895)	(63,247)
At 30 September 2023	3,754	400,859	4,433	(10,766)	69	35,440	11,474	(15,850)	545,112	974,525	(7,880)	966,645

Notes:

- (i) According to the relevant laws of the People's Republic of China (the "PRC"), the PRC subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer of this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.
- (ii) The other reserve comprises the differences between the consideration and carrying amount of net assets attributable to the addition and reduction of interests in subsidiaries being acquired from and disposed to non-controlling shareholders respectively.
- (iii) The revaluation reserve represents differences resulting between the carrying amount and the fair value when an item of other properties, plant and equipment becomes an investment property at the date of transfer.
- (iv) The fair value reserve (non-recycling) comprises the cumulative net changes in the fair value of equity investments measured at fair value through other comprehensive income under HKFRS 9 *Financial Instruments* that are held at the end of the reporting period.

Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 September 2024 – Unaudited

(Expressed in Hong Kong dollars)

	Six-month period ended	
	2024	2023
	HK\$'000	HK\$'000
Operating activities		
Cash generated from (used in) operations	45,138	(37,526)
Income tax paid	–	(1)
Net cash generated from (used in) operating activities	45,138	(37,527)
Investing activities		
Advances to associates	(601)	(1,419)
Loan to an associate	–	(18,501)
Repayments from associates	–	2,119
Repayment from a joint venture	9,405	–
Dividend received from an associate	312	–
Other cash flows generated from investing activities	3,584	1,478
Net cash generated from (used in) investing activities	12,700	(16,323)
Financing activities		
Proceeds from new bank loans	234	71,884
Repayments of bank loans	(63,172)	(55,679)
Other cash flows used in financing activities	(260)	(212)
Net cash (used in) generated from financing activities	(63,198)	15,993
Net decrease in cash and cash equivalents	(5,360)	(37,857)
Cash and cash equivalents at the beginning of the period	100,897	167,485
Effect of foreign exchange rate changes	50	(1,709)
Cash and cash equivalents at the end of the period	95,587	127,919

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 27 November 2024.

The accounting policies adopted are consistent with those of the previous financial years and corresponding interim reporting period, except for the adoption of new and amended standards as set out below in note 2.

This interim financial report has been prepared on the historical cost basis, except for the investment properties and certain financial assets which are carried at fair value.

The preparation of interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This interim financial report has not been audited or reviewed by the auditor pursuant to Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 March 2024 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 March 2024 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in its report dated 26 June 2024.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

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2. APPLICATION OF AMENDMENTS TO HKFRSs

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2024 for the preparation of the condensed consolidated interim 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 HKFRSs in the current interim period has had no material impact on the Group's financial position and performance for the current and prior periods and/or disclosures set out in these condensed consolidated interim financial statements.

The Group has not applied any new standards and amendments to existing standards that are not yet effective for the current accounting period.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are property development, property investment, asset, investment and fund management and distribution of construction and interior decorative materials.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers are as follows:

	Six-month period ended	
	30 September 2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of completed properties	70,932	–
– Distribution of construction and interior decorative materials	–	1,988
– Asset, investment and fund management income	2,392	2,904
– Property management fee and utility income	66	66
	73,390	4,958
Revenue from other source		
– Rental income	431	473
	73,821	5,431
Disaggregated by geographical location of customers		
– Hong Kong	2,889	3,443
– The United States of America (the “U.S.A.”)	70,932	–
– The PRC	–	1,988
	73,821	5,431

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (continued)

(i) *Disaggregation of revenue (continued)*

Disaggregation of revenue from contracts with customers by timing of revenue recognition is disclosed in note 3(b).

For the period ended 30 September 2024, the Group's customer base includes only one customer (six-month period ended 30 September 2023: three customers) whose transaction has exceeded 10% of the Group's revenue.

For the period ended 30 September 2024, revenue from sales of completed properties to that customer in the U.S.A. was approximately HK\$70,932,000.

For the period ended 30 September 2023, revenue from provision of asset, investment and fund management services to each of the two customers in Hong Kong amounted to approximately HK\$1,543,000 and HK\$830,000 respectively and revenue from distribution of construction and interior decorative materials to the remaining one customer in the PRC amounted to approximately HK\$1,988,000.

(ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

At 30 September 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK\$1,650,000 (31 March 2024: HK\$75,137,000). This amount mainly represents revenue expected to be recognised in the future from pre-completion contracts entered into by the customers with the Group for provision of services (31 March 2024: sales of completed properties and provision of services) during the period. The Group will recognise the expected revenue in the future when the relevant services are provided to the customers, which are expected to occur within the next 20 months (31 March 2024: within the next 26 months).

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (continued)

(iii) Total future minimum lease payment receivable by the Group

Total minimum lease payment under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Within one year	750	750
After one year but within five years	365	735
	1,115	1,485

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). To be consistent with the way how information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four (six-month period ended 30 September 2023: four) reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Property development – This segment derives its revenue from repositioning and value enhancement of properties with a focus on development projects in prime locations in Hong Kong and the U.S.A..
- Property investment – This segment derives its revenue from leasing of premises included in the Group's investment properties portfolio in Hong Kong.
- Asset, investment and fund management – This segment derives its revenue from investing in and managing a portfolio of real estates in Hong Kong.
- Distribution of construction and interior decorative materials – This segment derives its revenue from distribution of stone composite surfaces products in the Greater China region.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

Segment revenue and results

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

For the six-month period ended 30 September 2024

	Property development HK\$'000	Property investment HK\$'000	Asset, investment and fund management HK\$'000	Distribution of construction and interior decorative materials HK\$'000	Elimination HK\$'000	Total HK\$'000
Disaggregated by timing of revenue recognition						
Point in time	70,932	-	-	-	-	70,932
Over time	-	66	2,392	-	-	2,458
Revenue from other source	-	431	-	-	-	431
External revenue	70,932	497	2,392	-	-	73,821
Inter-segment revenue	-	1,155	-	-	(1,155)	-
Total	70,932	1,652	2,392	-	(1,155)	73,821
Segment profit (loss) from operations	6,161	(1,059)	(1,096)	(1,158)	-	2,848
Corporate expenses						(15,218)
Corporate income						6,048
Decrease in fair value of investment properties						(55,300)
Finance costs						(6,570)
Share of results of associates						(7,024)
Share of results of joint ventures						(15,868)
Loss before taxation						(91,084)

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

Segment revenue and results (continued)

The following is an analysis of the Group's revenue and results by reportable and operating segments: (continued)

For the six-month period ended 30 September 2023

	Property development HK\$'000	Property investment HK\$'000	Asset, investment and fund management HK\$'000	Distribution of construction and interior decorative materials HK\$'000	Elimination HK\$'000	Total HK\$'000
Disaggregated by timing of revenue recognition						
Point in time	-	-	-	1,988	-	1,988
Over time	-	66	2,904	-	-	2,970
Revenue from other source	-	473	-	-	-	473
External revenue	-	539	2,904	1,988	-	5,431
Inter-segment revenue	-	1,775	-	-	(1,775)	-
Total	-	2,314	2,904	1,988	(1,775)	5,431
Segment (loss) profit from operations	(9,507)	(957)	(15,696)	2,012	-	(24,148)
Corporate expenses						(11,967)
Corporate income						2,507
Decrease in fair value of investment properties						(1,700)
Finance costs						(8,032)
Share of results of associates						(5,630)
Share of results of joint ventures						(11,011)
Loss before taxation						(59,981)

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Segment assets		
Property development	335,513	399,189
Property investment	100,750	155,383
Asset, investment and fund management	17,525	14,536
Distribution of construction and interior decorative materials	8,109	9,291
Total segment assets	461,897	578,399
Other properties, plant and equipment	33,088	33,914
Right-of-use assets	3,114	3,442
Interests in associates	174,998	178,766
Interests in joint ventures	182,462	205,096
Financial assets measured at fair value through other comprehensive income	–	–
Other receivables, deposits and prepayments	4,051	7,088
Loan to an associate	40,000	40,000
Bank deposits and cash on hand	95,587	100,897
Total consolidated assets of the Group	995,197	1,147,602

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

Segment assets and liabilities (continued)

The following is an analysis of the Group's assets and liabilities by reportable and operating segments: (continued)

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Segment liabilities		
Property development	19,624	55,445
Property investment	34,965	38,384
Asset, investment and fund management	827	1,471
Distribution of construction and interior decorative materials	3,050	3,659
Total segment liabilities	58,466	98,959
Other payables	10,533	7,565
Lease liabilities	3,268	3,549
Bank loans	160,000	185,000
Deferred tax liabilities	1,058	1,058
Total consolidated liabilities of the Group	233,325	296,131

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

4. LOSS FOR THE PERIOD

Loss for the period is arrived at after charging (crediting):

	Six-month period ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
(a) Finance costs		
Interest expenses on bank loans	6,734	8,330
Interest expenses on lease liabilities	67	51
Less: interest expenses capitalised into properties under development for sale (<i>Note (i)</i>)	(231)	(349)
	6,570	8,032
(b) Expenses by nature		
Cost of properties for recognised sales	62,319	–
Cost of construction and interior decorative materials	–	1,536
Direct cost for management services provided (<i>Note (ii)</i>)	2,203	7,779
Direct outgoings of rental, property management fee and utilities	79	81
Operating lease payments in respect of leased properties	167	846
Depreciation of other properties, plant and equipment	834	830
Amortisation of right-of-use assets	307	206
Impairment losses of trade receivables, net of reversal	–	6,180
Write-down on properties for sales (included in cost of sales and services)	–	9,042
Net foreign exchange (gain) losses	(1,789)	3,028

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

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4. LOSS FOR THE PERIOD (CONTINUED)

Notes:

- (i) Borrowing costs capitalised during the period are calculated by applying capitalisation rate of approximately 4.0% (six-month period ended 30 September 2023: 4.0%) per annum to expenditures on qualifying assets.
- (ii) Direct cost for management services provided includes HK\$2,203,000 (six-month period ended 30 September 2023: HK\$7,105,000) relating to staff costs.

5. INCOME TAX EXPENSE

	Six-month period ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Income tax recognised in profit or loss:		
Under provision in previous year		
– Other jurisdictions	–	1

No provision for Hong Kong Profits Tax has been made in these consolidated financial statements as the Group did not have any assessable profits for both periods.

Overseas tax is calculated at the rates prevailing in the relevant jurisdictions.

6. LOSS PER SHARE

The calculation of loss per share is based on the loss for the period attributable to owners of the Company of HK\$88,757,000 (six-month period ended 30 September 2023: HK\$58,610,000) and 375,447,000 (six-month period ended 30 September 2023: 375,447,000) ordinary shares in issue during the interim period.

No diluted loss per share for both periods was presented as there were no potential ordinary shares outstanding during both periods.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

7. INVESTMENT PROPERTIES

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
At valuation:		
At the beginning of the period/year	154,500	158,700
Transfer (Note (i))	–	116
Decrease in fair value of investment properties	(55,300)	(4,316)
At the end of the period/year	99,200	154,500

Notes:

- (i) During the year ended 31 March 2024, completed properties held for sale at cost of HK\$116,000 were transferred from “properties for sale” to “investment properties” as a result of change in use. The properties were measured at fair value at the time of transfer amounting to HK\$200,000 and revaluation surplus of approximately HK\$84,000 have been dealt with in the consolidated income statement.
- (ii) The investment properties in Hong Kong were revalued at 30 September 2024 by Knight Frank Petty Limited (31 March 2024: Asset Appraisal Limited), an independent firm of surveyors who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and categories of properties being valued.
- (iii) At 30 September 2024, the investment properties of HK\$97,100,000 (31 March 2024: HK\$152,200,000) were pledged as securities for bank loans (Note 13).

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

8. INTERESTS IN ASSOCIATES AND LOAN TO AN ASSOCIATE

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Share of net assets	10,145	11,596
Amounts due from associates (<i>Note (i)</i>)	327,522	323,954
Share of net liabilities	(162,669)	(156,784)
	164,853	167,170
	174,998	178,766
Dividend received from an associate	312	–
Loan to an associate (<i>Note (ii)</i>)	40,000	40,000

Notes:

- (i) At 30 September 2024 and 31 March 2024, the amounts due from associates are interest-free, unsecured and have no fixed terms of repayment. As the settlement is neither planned nor likely to occur in the foreseeable future, directors of the Company consider the amounts due from associates in substance form part of the net investment.
- (ii) At 30 September 2024 and 31 March 2024, the loan to an associate of HK\$40,000,000 is interest bearing at 15% per annum, unsecured and repayable within one year.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

9. INTERESTS IN JOINT VENTURES

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Share of net assets	15,295	14,472
Amounts due from joint ventures (Note (i))	283,116	292,534
Share of net liabilities	(82,749)	(68,710)
Less: impairment losses (Note (ii))	(33,200)	(33,200)
	167,167	190,624
	182,462	205,096

Notes:

- (i) At 31 March 2024, the amount due from a joint venture of US\$1,200,000 (equivalent to HK\$9,418,000) is interest bearing at 5.5% per annum, unsecured and has no fixed terms of repayment. The entire amount was settled during the period ended 30 September 2024.

At 30 September 2024 and 31 March 2024, the amount due from a joint venture of HK\$283,116,000 is interest-free, unsecured and has no fixed terms of repayment. As the settlement is neither planned nor likely to occur in the foreseeable future, directors of the Company consider the amount due from the joint venture in substance form part of the net investment.

- (ii) During the year ended 31 March 2024, an impairment of HK\$33,200,000 was recognised in profit or loss in relation to the investment in Quarella Holdings Limited and its subsidiaries.

Notes to the Unaudited Interim Financial Report

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10. TRADE RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables based on invoice date, net of loss allowances, is as follows:

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
1 – 30 days	772	2,082
31 – 60 days	355	361
61 – 90 days	344	361
Over 90 days	21,618	19,473
	23,089	22,277

The Group negotiates with customers on individual basis in accordance with contract terms, i.e. an average credit period of 90 days (31 March 2024: 90 days) after the issuance of invoices, except for sales of properties the proceeds from which are receivable pursuant to the terms of agreements, rental income which are receivable in the month the tenants use the premises and property management fee and utility income and asset, investment and fund management income which are receivable in the month the Group provides the services.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Deposits and prepayments (<i>Note</i>)	5,321	1,918
Loans and other receivables	2,092	6,824
	7,413	8,742

Note: At 30 September 2024, the balance included deposit paid of approximately HK\$2,804,000 for the acquisition of 100% equity interests of a property holding company with a luxury residential property in Hong Kong as its main asset.

Notes to the Unaudited Interim Financial Report

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12. TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables) based on invoice date is as follows:

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
1 – 30 days	–	949
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	1	34
	1	983

13. BANK LOANS

The analysis of the carrying amount of bank loans is as follows:

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Current liabilities		
Bank loans contain a repayable on demand clause or due within one year (<i>Note (f)</i>)	167,981	227,460
Bank loans due after one year which contain a repayment on demand clause	26,605	30,111
	194,586	257,571
Non-current liability		
Bank loans	18,403	18,522

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

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13. BANK LOANS (CONTINUED)

At 30 September 2024, the bank loans are due for repayment as follows:

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Portion of bank loans repayable on demand or due for repayment within one year	167,981	227,460
Bank loans due for repayment after one year (Notes (g) and (h)):		
After one year but within two years	7,982	7,855
After two years but within five years	37,026	40,778
	45,008	48,633
	212,989	276,093

At 30 September 2024, the secured bank loans and unsecured bank loan are as follows:

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Secured bank loans	92,989	156,093
Unsecured bank loan	120,000	120,000
	212,989	276,093

Notes:

- (a) At 30 September 2024, bank loans drawn in Hong Kong bear interest at rates ranging from 1.5% to 2.3% (31 March 2024: 1.8% to 2.3%) per annum over Hong Kong Interbank Offered Rate. The interests are repriced monthly (31 March 2024: monthly).
- (b) At 30 September 2024, bank loan drawn in Macau bears interest at 1.25% (31 March 2024: 1.25%) per annum below the prime rate determined by the lending bank.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

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13. BANK LOANS (CONTINUED)

Notes: (Continued)

- (c) At 30 September 2024, bank loan drawn in the U.S.A. bears interest at 3.8% (31 March 2024: loans bear interest at rates ranging from 3.8% to 4.0%) per annum.
- (d) As of the end of the reporting period, certain of the banking facilities of the Group were secured by mortgages over:

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Investment properties	97,100	152,200
Buildings	32,499	33,213
Properties for sale	39,960	101,859
	169,559	287,272

Such banking facilities amounted to HK\$117,989,000 (31 March 2024: HK\$157,199,000) were utilised to the extent of HK\$92,989,000 at 30 September 2024 (31 March 2024: HK\$156,093,000).

- (e) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios. If the Group was to breach the covenants, the utilised facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

During the period, in respect of bank loan of HK\$120,000,000 utilised out of the relevant bank facility of HK\$120,000,000 granted from a relevant banker at 30 September 2024, the Group has failed to satisfy one of the financial covenants which is the net worth requirement stipulated in relevant banking facility agreement. The directors of the Company are in discussion with the relevant banker for the necessary waiver and renegotiating with them on the terms of the relevant bank loan. At 30 September 2024, the negotiation had not been concluded and the relevant bank loan which is originally due within one year, could be immediately due and payable.

Up to the date of approval for issuance of these interim financial statements, the negotiation is still in progress and the Group is yet to obtain the relevant waiver from the relevant banker, who has not made any demand for immediate repayment of the relevant bank loan. Based on the communication and prior negotiation experiences with the relevant banker, the directors of the Company are confident that the necessary waiver will be obtained or the relevant banker and the Group will be able to reach mutually acceptable revised terms regarding the relevant bank loan. In any event, should the relevant banker calls for immediate repayment of the relevant bank loan, there are adequate alternative sources of finance available to ensure that there is no threat to the continuing operations of the Group.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2024

(Expressed in Hong Kong dollars)

13. BANK LOANS (CONTINUED)

Notes: (Continued)

- (f) For the bank loans with amount of HK\$167,981,000 (31 March 2024: HK\$227,460,000) which are repayable within one year, HK\$167,981,000 (31 March 2024: HK\$192,855,000) of which contain a repayment on demand clause.
- (g) The amounts due are based on the scheduled repayment dates set out in bank loan agreements and ignored the effect of any repayment on demand clause.
- (h) Certain of the Group's bank loan agreements contain clauses which give the lenders the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has met the scheduled repayment obligations.

The Group does not consider it probable that banks will exercise their discretion to demand immediate repayment so long as the Group continues to meet the scheduled repayment obligations.

14. DIVIDEND

The board of directors (the "Board") does not recommend the payment of an interim dividend for the six-month period ended 30 September 2024 (six-month period ended 30 September 2023: HK\$Nil per share).

15. MATERIAL RELATED PARTY TRANSACTIONS

- (a) Apart from disclosed elsewhere in the interim financial report, the Group had entered into the following significant transactions with the related parties during the period:

	Six-month period ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Investment management income from associates	2,098	2,373
Management fee income from a joint venture	660	210
Interest income from a joint venture	220	259
Interest income from an associate	3,008	1,231
Trade receivables from associates, net of loss allowance	16,343	20,056
Trade receivable from a joint venture, net of loss allowance	6,839	2,207
Deposit paid to related parties (Note)	2,804	–

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For the six-month period ended 30 September 2024

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15. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

Note: The deposit paid to the related parties, who are the director of the Company and his spouse in relation to the acquisition of a residential property project. Such transaction constituted a connected transaction as defined in Chapter 14A of the Listing Rules.

(b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the period is as follows:

	Six-month period ended	
	30 September 2024	2023
	HK\$'000	HK\$'000
Salaries and short-term employee benefits	8,437	8,995
Post-employment benefits	36	54
	8,473	9,049

16. COMMITMENTS

The Group has the following commitments outstanding and not provided for in the interim financial report:

	At 30 September 2024	At 31 March 2024
	HK\$'000	HK\$'000
Authorised but not contracted for	645,055	649,817
Contracted for	84,988	32,594
	730,043	682,411

At 30 September 2024, the above commitments mainly include the acquisition of a residential property project and the construction related costs to be incurred (31 March 2024: construction related costs to be incurred) in respect of the Group's development properties in various locations.

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17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of financial assets and liabilities carried at other than fair values

The carrying amounts of the Group's financial assets and liabilities are not materially different from their fair values at 30 September 2024 and 31 March 2024.

18. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

At the end of the reporting period, the Company has issued guarantees to banks in respect of banking facilities granted to certain indirect subsidiaries and an associate of HK\$118,403,000 (31 March 2024: HK\$154,233,000) and HK\$12,600,000 (31 March 2024: HK\$12,600,000) respectively. Such banking facilities were utilised by the subsidiaries and the associate to the extent of HK\$52,989,000 (31 March 2024: HK\$91,093,000) and HK\$11,340,000 (31 March 2024: HK\$11,592,000) respectively.

The directors do not consider it probable that a claim will be made against the Company under any of the guarantees and have not recognised any deferred income in respect of these guarantees and no transaction price was incurred.

At 30 September 2024 and 31 March 2024, the Group did not recognise any liabilities in respect of each corporate financial guarantee as the amounts of loss allowance estimated under the expected credit loss model were insignificant.

19. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved by the Board on 27 November 2024.

Corporate Governance and Other Information

INTERIM DIVIDEND

The board of directors of the Company (the “Director” or collectively referred as the “Directors” or the “Board”) does not recommend the payment of an interim dividend for the six-month period ended 30 September 2024.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Up to the date of this report, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have pursuant to such provisions of the SFO); (ii) entered in the register required to be kept under Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) adopted by the Company were as follows:

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company (%)
CHAN William	Long	Interest in a controlled corporation ⁽¹⁾	97,104,000	25.86
	Long	Other interest ⁽²⁾	18,153,211	4.83
	Long	Beneficial owner	33,700,000	8.98
			<hr/>	
			148,957,211	39.67
NG Tak Kwan	Long	Beneficial owner	63,024,000	16.79
LO Hoi Wah, Heywood	Long	Beneficial owner	64,166	0.02

Corporate Governance and Other Information

Notes:

1. Tiger Crown Limited, which beneficially owned 97,104,000 shares of the Company, is 100% owned by Rykadan Holdings Limited which in turn is 100% held by CHAN William. CHAN William is also the sole director of Tiger Crown Limited and Rykadan Holdings Limited.
2. Since Tiger Crown Limited, Scenemay Holdings Limited, CHAN William, LI Chu Kwan and LI Wing Yin are regarded as a group of shareholders acting in concert to exercise their voting rights in the Company and are parties to an agreement under Section 317 of the SFO, pursuant to the provisions of the SFO, each of them is deemed to be interested in the shares of the Company owned by the other parties to the agreement. Hence, CHAN William is also deemed to be interested in the 18,153,211 shares of the Company owned by Scenemay Holdings Limited.
3. All the shares of the Company shown in the table above are ordinary shares.

Save as disclosed above, up to the date of this report, so far as is known to any Director and chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have pursuant to such provisions of the SFO), or which were entered in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS

Up to the date of this report, so far as is known to the Directors or chief executive of the Company, the interests and short positions of the shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company (%)
Rykadan Holdings Limited	Long	Interest in a controlled corporation ^{(1) (2)}	148,957,211	39.67
Tiger Crown Limited ⁽¹⁾	Long	Beneficial owner	97,104,000	25.86
	Long	Other interest ⁽²⁾	51,853,211	13.81
			148,957,211	39.67
Scenemay Holdings Limited	Long	Beneficial owner	18,153,211	4.83
	Long	Other interest ⁽²⁾	130,804,000	34.84
			148,957,211	39.67
LI Chu Kwan	Long	Interest in a controlled corporation ⁽³⁾	18,153,211	4.83
	Long	Other interest ⁽²⁾	130,804,000	34.84
			148,957,211	39.67
LI Wing Yin	Long	Interest in a controlled corporation ⁽³⁾	18,153,211	4.83
	Long	Other interest ⁽²⁾	130,804,000	34.84
			148,957,211	39.67

Corporate Governance and Other Information

Notes:

1. Tiger Crown Limited is 100% owned by Rykadan Holdings Limited which in turn is 100% held by CHAN William. Rykadan Holdings Limited is therefore deemed to be interested in the 97,104,000 shares of the Company beneficially owned by Tiger Crown Limited as well as the 51,853,211 shares of the Company in which Tiger Crown Limited is deemed to be interested as described in Note 2 below.
2. Since Tiger Crown Limited, Scenemay Holdings Limited, CHAN William, LI Chu Kwan and LI Wing Yin are regarded as a group of shareholders acting in concert to exercise their voting rights in the Company and are parties to an agreement under Section 317 of the SFO, pursuant to the provisions of the SFO, each of them is deemed to be interested in the shares of the Company owned by the other parties to the agreement.
3. As the entire issued share capital of Scenemay Holdings Limited is owned by LI Chu Kwan and LI Wing Yin in equal shares, each of LI Chu Kwan and LI Wing Yin is deemed to be interested in the 18,153,211 shares of the Company beneficially owned by Scenemay Holdings Limited.
4. All the shares of the Company shown in the table above are ordinary shares.

Save as disclosed above, up to the date of this report, so far as is known to any Director and chief executive of the Company, no other persons or companies had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained a sufficient public float throughout the interim reporting period as required under the Listing Rules.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

During the period, the Company had followed the principles and complied with all applicable code provisions and certain recommended best practices set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Listing Rules, except the deviation from code provision C.2.1 of the CG Code, details of which are set out below:

Mr. Chan William (“Mr. Chan”) has been appointed as Chief Executive Officer of the Company on 1 July 2012 and is now both the Chairman and the Chief Executive Officer of the Company, and that the functions of the Chairman and the Chief Executive Officer in the Company’s strategic planning and development process overlap. These constitute a deviation from code provision C.2.1 of the CG Code which stipulates that the roles of the Chairman and the Chief Executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, the in-depth knowledge of Mr. Chan of the operations of the Group and of the property development and real estate/asset management business, his extensive business network and the scope of operations of the Group, the Board believes it is in the best interests of the Company for Mr. Chan to assume the roles of Chairman and Chief Executive Officer at this time and that such arrangement be subject to review by the Board from time to time.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions of the Directors, senior management and relevant employees (who, because of their office or employment, is likely to possess inside information in relation to the Company or its securities) of the Group (the “Securities Code”) with terms no less exacting than that of the Model Code as set out in Appendix C3 to the Listing Rules.

Having made specific enquiries, all of the Directors and relevant employees of the Group confirmed that they have complied with the Securities Code and the Model Code during the interim reporting period.

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

The information as required to disclose under Rules 13.20 and 13.22 of the Listing Rules in relation to the Company’s advances to entities and the financial assistance and guarantees to affiliated companies provided by the Company are as follows:

Corporate Governance and Other Information

(a) Advances to entities

As at 30 September 2024, the Company has advanced to the Quarella Group loans in an aggregate amount of HK\$250,000,000 for the working capital of the Quarella Group, which is non-interest bearing since 1 April 2020 and the interest on loans to the Quarella Group of HK\$33,116,000. The entire amounts are unsecured and be repayable by written notice demand by the Company.

As at 30 September 2024, an aggregate sum of HK\$259,510,000 has been advanced by the Group to the Fastest Runner Group for the purpose of acquiring the property located at No. 23 Wong Chuk Hang Road, Hong Kong and financing its development and general working capital. The advance of HK\$40,000,000 is interest bearing at 15% per annum, unsecured and repayable on or before 31 December 2024 while the remaining advance is non-interest bearing, unsecured and has no fixed terms of repayment, and was made pro rata to the percentage of shareholding of the relevant subsidiary of the Group in Fastest Runner Group.

(b) Financial assistance and guarantees to affiliated companies

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 30 September 2024 are presented as follows:

	HK\$'000
Non-current assets	704,275
Current assets	1,247,677
Current liabilities	(2,689,649)
Non-current liabilities	(223,574)
	<hr/>
Net liabilities	(961,271)
	<hr/> <hr/>
Share capital	221
Reserves	(961,492)
	<hr/>
Capital and reserves	(961,271)
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As at 30 September 2024, the Group's attributable accumulated losses in these affiliated companies amounted to HK\$273,532,000.

Corporate Governance and Other Information

AUDIT COMMITTEE REVIEW

The Audit Committee comprises three independent non-executive Directors, namely Mr. Ho Kwok Wah, George (Chairman of the Audit Committee), Mr. To King Yan, Adam and Ms. Khan Sabrina, with the chairman possessing the appropriate professional qualifications and accounting expertise, has reviewed with the management for the Group's interim results for the period.

By order of the Board
Rykadan Capital Limited
宏基資本有限公司
Chan William
Chairman and Chief Executive Officer

Hong Kong, 27 November 2024