



RYKADAN
CAPITAL

RYKADAN CAPITAL LIMITED
宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code : 2288)

2023
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)

YIP Chun Kwok

(resigned on 30 September 2023)

Non-executive Director

NG Tak Kwan

Independent Non-executive Directors

HO Kwok Wah, George

TO King Yan, Adam

KHAN Sabrina

(appointed on 15 August 2023)

WONG Hoi Ki

(resigned on 15 August 2023)

AUDIT COMMITTEE

HO Kwok Wah, George *(Chairman)*

TO King Yan, Adam

KHAN Sabrina

(appointed on 15 August 2023)

WONG Hoi Ki

(resigned on 15 August 2023)

REMUNERATION COMMITTEE

HO Kwok Wah, George *(Chairman)*

TO King Yan, Adam

KHAN Sabrina

(appointed on 15 August 2023)

WONG Hoi Ki

(resigned on 15 August 2023)

NOMINATION COMMITTEE

CHAN William *(Chairman)*

HO Kwok Wah, George

TO King Yan, Adam

(appointed on 15 August 2023)

WONG Hoi Ki

(resigned on 15 August 2023)

COMPANY SECRETARY

LUI Man Kit

AUDITOR

PricewaterhouseCoopers

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

Room 1102, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

Management Discussion and Analysis

OVERVIEW

Subdued property demand, aggressive interest rate hikes and ongoing geopolitical tensions continued to affect investor and consumer sentiment during the interim period. Amidst the challenging macro environment, the Group pushed forward its diversified property redevelopment projects.

Despite near-term market volatilities, the Group's long-term strategy remains the same – acquiring prospective projects and investments in its portfolio, efficiently growing their asset value and monetising them within a three-to-five-year horizon.

In Hong Kong, following the completion of the Wong Chuk Hang and the Jaffe Road Projects, the Group has started to hand over pre-sold units while carrying out additional marketing launches for the remaining units. Our projects incorporate new design and sustainable building principles; in particular, the Wong Chuk Hang Project has won three prestigious industry awards. These attributes encouraged buying interest despite soft market conditions.

Elsewhere, the Group's diversified property redevelopment projects in the United States of America (the "U.S.A.") and the Graphite Project in the United Kingdom (the "U.K.") in which it has a minority stake have also progressed as planned.

The Group has always been cautious and prudent in searching for and evaluating real estate investment opportunities in Hong Kong and overseas. In light of rising interest rates and the slowdown in the property market, the Group continues to abide by its financial discipline and robust risk management to mitigate the challenges. The Group also continues to prudently manage its asset, investment and fund management business to optimise its recurring revenue.

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 and hospitality operations.

As of 30 September 2023, the Group's total assets were valued at HK\$1,313 million (31 March 2023: HK\$1,358 million), of which HK\$672 million (31 March 2023: HK\$698 million) were current assets, approximately 2.57 times (31 March 2023: 3.01 times) of its current liabilities. Equity attributable to the equity shareholders of the Company was HK\$975 million (31 March 2023: HK\$1,036 million).

Management Discussion and Analysis

OVERALL PERFORMANCE

During the six-month period ended 30 September 2023, the Group's consolidated revenue amounted to HK\$5 million (six-month period ended 30 September 2022: HK\$83 million). The consolidated revenue was mainly attributable to the recurring income generated from the Group's asset, investment and fund management business. The Group recorded a gross loss of HK\$13 million (six-month period ended 30 September 2022: gross profit of HK\$13 million). The decline was mostly attributable to a high base effect related to a one-off gain from the monetisation of a property redevelopment project in Hong Kong during the six-month period ended 30 September 2022 and writing down of a property redevelopment project during the six-month period under review.

The Group recorded a loss for the period of HK\$60 million (six-month period ended 30 September 2022: HK\$55 million), while the loss attributable to equity shareholders of the Company was HK\$59 million (six-month period ended 30 September 2022: HK\$51 million).

Further to the aforementioned gross loss, the loss was mainly attributable to the absorption of losses incurred by associates and joint ventures as a result of the challenging macro environment, the increase in finance costs due to increase in interest rates and the recognition of impairment losses net of reversal on trade receivables.

Basic and diluted loss per share for the six-month period ended 30 September 2023 was HK15.6 cents (six-month period ended 30 September 2022: HK13.5 cents).

The board of the directors does not recommend the payment of an interim dividend for the six-month period ended 30 September 2023.

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition and disposal during the period.

INVESTMENT PORTFOLIO

As at 30 September 2023, the Group's bank deposits and cash was HK\$128 million (31 March 2023: HK\$167 million), representing 9.7% (31 March 2023: 12.3%) of the Group's total assets.

Management Discussion and Analysis

The following table shows the Group's investments as at 30 September 2023.

Real estate investments

Investment	Location	Type	Group's interest	Status as of 30/9/2023	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)
Anoakia Project	701 Anoakia Lane, Arcadia, CA 91006, the U.S.A.	Residential property	100%	Under construction. Expected to be completed in January 2024	11,335 square feet (gross floor)	11,335 square feet (gross floor)
Virginia Project	1470 Virginia Road, San Marino, CA 91108, the U.S.A.	Residential property	100%	Completed and being marketed to buyers	7,877 square feet (gross floor)	7,877 square feet (gross floor)
Broadway Project	216-220 East Broadway, San Gabriel, CA 91776, the U.S.A.	Residential property	50%	Under planning	28,004 square feet (land)	14,002 square feet (land)
Graphite Project	Graphite Square, Vauxhall, London SE11, the U.K.	Residential and commercial property	21.25%	Under construction. Expected to be completed in December 2024	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	41,371 square feet (saleable)	10,016 square feet (saleable)
2702, 2802, 2803, 2804 and various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon	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	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, Shouson Hill, Hong Kong	Residential property	20%	Investment properties	2,657 square feet (saleable)	531 square feet (saleable)

Note: The above gross floor area 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 capitalised on the Hong Kong and Mainland China border reopening to accelerate sales launches for completed projects in Hong Kong.

In Hong Kong, the Group completed the construction of the Jaffe Road Project and the Wong Chuk Hang Project. As of 30 September 2023, over 75% of the available-for-sale units of the Jaffe Road Project were sold and handed over to buyers, while over 40% of the available-for-sale units and car parking spaces of the Wong Chuk Hang Project were sold. The remaining units of these projects will continue to be marketed to potential buyers in the coming quarters.

In the U.S.A., the Group continues to assess potential divestment opportunities for the Broadway Project, an approved multi-family project. Meanwhile, both the Winston Project and the Virginia Project are completed and being marketed to buyers, and the Anoakia Project is on schedule to be completed by the first quarter of 2024. These properties are located in California, the U.S.A..

Given new zoning policy and changes in market conditions, the Group's Monterey Park Towne Centre Project remains in the planning phase. In order to create long-term value, the Group has been in ongoing discussions with city planners to explore incorporating potential affordable housing elements with a higher-density redevelopment. The Group anticipates approvals of a revised plan by early 2024.

Management Discussion and Analysis

In the U.K., the Group's minority stake in the Graphite Project has attracted strong interest from offshore buyers within Asia. As a result, a significant portion of the available-for-sale units has been pre-sold to buyers in Asia. The Graphite Project is currently under construction and expected to be completed by the end of 2024. The development partner is planning a second phase of marketing targeting affluent buyers from the Middle East and other regions.

The Group strives to enhance shareholders' returns by furthering its asset, investment and fund management business and broadening its capital base. The better-than-expected sales launches for the Hong Kong projects highlighted the Group's resilience and operational agility, its ability to mitigate the challenges posed by softened market conditions, the slowdown in the property sector and tightened credit.

Net proceeds from asset sales will be redeployed into high-potential redevelopment projects in the future as the Group continues to identify new opportunities to build a well-diversified and balanced asset portfolio amidst an elevated rate environment.

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 property for its own use and/or for earning stable rental income or potential capital appreciation.

In Bhutan, the Group holds an investment in a 24-suite boutique resort located in Punakha Valley, operated by RS Hospitality. With reviving tourism, the turnover of the boutique resort has gradually rebounded.

Distribution of construction and interior decorative materials

Quarella, controlled by Quarella Holdings Limited, a joint-venture of the Group, is a world leader in the design and manufacturing of quartz and marble-based engineered stone composite surfaces products. Backed by 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 pace of macro-recovery remains challenging due to economic slowdown and global credit tightening. Quarella, nevertheless, is responding to the market challenges by developing a new line of price-competitive products targeting middle-income consumers and interior design communities across China, Southeast Asia and other developed markets.

Management Discussion and Analysis

OUTLOOK

The Group holds a conservative view on the near-term property market outlook in the face of macro-financial headwinds, intensified geopolitical tensions and high interest rates. It will focus on completing the delivery of the existing projects while keeping an eye on new opportunities when they arise.

Whereas market uncertainties and property price adjustments are expected to continue in the second half of the year, the Group will keep proactively evaluating opportunities to acquire value-adding assets and property projects. Backed by an experienced management team with a strong track record and access to capital, the Group will seek to collaborate with its business partners to capture business opportunities in Hong Kong and overseas as they arise.

Besides property development and investment, the Group remains cautiously optimistic about the longer-term prospect of its hospitality investment due to the gradual revival in tourism. At the same time, the Group's distribution of construction and interior decorative material business, albeit being affected by a slowdown in the property market, will likely see opportunities due to China's strengthening construction pipeline for hotels and favourable policy on One Belt One Road with extensive transport links to be built in the coming years.

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 headquarter in Hong Kong.

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

As of 30 September 2023, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 25.0% (31 March 2023: 23.0%). The net gearing ratio (net debts, as defined by total debts less unrestricted bank balances and cash, to equity attributable to equity shareholders of the Company) was 20.6% (31 March 2023: 14.0%) as the Group has net debts of HK\$201 million as at 30 September 2023 (31 March 2023: HK\$145 million).

Management Discussion and Analysis

As of 30 September 2023, the total bank borrowings of the Group amounted to HK\$329 million (31 March 2023: HK\$313 million). The bank borrowings of the Group were mainly used to finance the retaining of two floors of Rykadan Capital Tower, the property development projects, its investment in Quarella and the Shouson Hill Project. Certain 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 2023, the Group's current assets and current liabilities were HK\$672 million (31 March 2023: HK\$698 million) and HK\$262 million (31 March 2023: HK\$232 million) respectively. The Group's current ratio decreases to 2.57 (31 March 2023: 3.01). The internally generated funds, together with 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.

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 19 to the unaudited interim financial report respectively.

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

The Group operates in various regions with different foreign currencies mainly including United States Dollar, British Pound, Canadian Dollar 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.

Management Discussion and Analysis

Credit Exposure

The Group continues to prudently monitor and review from time to time the credit policies to deal with credit exposure in the macroeconomic environment in order to minimise the credit risk exposure of the Group. For trade receivables, the Group's management regularly assesses the recoverability and the financial position of its customers, the majority of whom are institutional organisations and reputable property developers, such that the Group is not exposed to significant credit risk.

Employees and Remuneration Policies

As at 30 September 2023, the total number of employees of the Group is 24 (31 March 2023: 26). 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 2022: HK\$15 million).

Consolidated Income Statement

For the six-month period ended 30 September 2023-Unaudited

(Expressed in Hong Kong dollars)

		Six-month period ended	
	<i>Note</i>	30 September	
		2023	2022
		HK\$'000	HK\$'000
Revenue	3	5,431	82,786
Cost of sales and services		(18,438)	(69,747)
Gross (loss)/profit		(13,007)	13,039
Other revenue		2,507	3,912
Other net loss		(3,016)	(12,621)
Selling and marketing expenses		(47)	(4,694)
Impairment loss on trade receivables, net		(6,180)	–
Administrative and other operating expenses		(13,865)	(14,123)
Loss from operations		(33,608)	(14,487)
Decrease in fair value of investment properties		(1,700)	(6,000)
Finance costs	4(a)	(8,032)	(5,275)
Share of loss of associates		(5,630)	(7,698)
Share of loss of joint ventures		(11,011)	(21,727)
Loss before taxation	4	(59,981)	(55,187)
Income tax	5	(1)	(286)
Loss for the period		(59,982)	(55,473)
Attributable to:			
– Equity shareholders of the Company		(58,610)	(50,552)
– Non-controlling interests		(1,372)	(4,921)
Loss for the period		(59,982)	(55,473)
Loss per share	6		
Basic and diluted		(15.6 cents)	(13.5 cents)

The notes on pages 19 to 41 form part of this interim financial report. Details of dividend payable to equity shareholders of the Company are set out in note 14(a).

Consolidated Statement of Comprehensive Income

For the six-month period ended 30 September 2023-Unaudited

(Expressed in Hong Kong dollars)

	Six-month period ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Loss for the period	(59,982)	(55,473)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences arising on translation of foreign operations	(572)	(3,061)
– Share of translation reserve of joint ventures	(2,693)	(9,335)
Other comprehensive income for the period	(3,265)	(12,396)
Total comprehensive income for the period	(63,247)	(67,869)
Attributable to:		
– Equity shareholders of the Company	(61,352)	(61,408)
– Non-controlling interests	(1,895)	(6,461)
Total comprehensive income for the period	(63,247)	(67,869)

The notes on pages 19 to 41 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 September 2023-Unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Non-current assets			
Investment properties	7	157,000	158,700
Other properties, plant and equipment		34,793	34,808
Right-of-use-assets		3,757	–
Interests in associates	8	206,493	213,489
Interests in joint ventures	9	238,912	252,632
Financial assets measured at fair value through other comprehensive income		–	–
		640,955	659,629
Current assets			
Properties for sale		485,726	485,088
Inventories		914	2,545
Trade receivables	10	23,118	27,957
Other receivables, deposits and prepayments	11	34,642	15,387
Bank deposits and cash on hand		127,919	167,485
		672,319	698,462
Current liabilities			
Trade and other payables	12	12,135	13,903
Contract liabilities		635	280
Lease liabilities		507	–
Bank loans	13	247,592	216,877
Current tax liabilities		1,214	1,217
		262,083	232,277
Net current assets		410,236	466,185

Consolidated Statement of Financial Position

At 30 September 2023-Unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Total assets less current liabilities		1,051,191	1,125,814
Non-current liabilities			
Bank loans	13	81,251	95,922
Lease liabilities		3,295	–
		84,546	95,922
NET ASSETS		966,645	1,029,892
CAPITAL AND RESERVES			
Share capital		3,754	3,754
Reserves	14	970,771	1,032,123
Total equity attributable to equity shareholders of the Company		974,525	1,035,877
Non-controlling interests		(7,880)	(5,985)
TOTAL EQUITY		966,645	1,029,892

The notes on pages 19 to 41 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six-month period ended 30 September 2023-Unaudited

(Expressed in Hong Kong dollars)

Attributable to equity shareholders 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	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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

Consolidated Statement of Changes in Equity

For the six-month period ended 30 September 2023-Unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Actuarial reserve HK\$'000	Other reserve HK\$'000	Revaluation reserve HK\$'000	Fair value reserve (non-recycling) HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2022	3,754	400,859	4,433	1,081	(321)	35,440	11,474	(15,850)	793,051	1,233,921	(2,134)	1,231,787
Changes in equity for the six-month period ended 30 September 2022:												
Loss for the period	-	-	-	-	-	-	-	-	(50,552)	(50,552)	(4,921)	(55,473)
Other comprehensive income	-	-	-	(10,856)	-	-	-	-	-	(10,856)	(1,540)	(12,396)
Total comprehensive income for the period	-	-	-	(10,856)	-	-	-	-	(50,552)	(61,408)	(6,461)	(67,869)
At 30 September 2022	3,754	400,859	4,433	(9,775)	(321)	35,440	11,474	(15,850)	742,499	1,172,513	(8,595)	1,163,918

The notes on pages 19 to 41 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six-month period ended 30 September 2023-Unaudited

(Expressed in Hong Kong dollars)

	Six-month period ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Operating activities		
Cash (used in)/generated from operations	(37,526)	36,659
Income tax paid	(1)	(337)
Net cash (used in)/generated from operating activities	(37,527)	36,322
Investing activities		
Advances to associates	(1,419)	(497)
Loan to an associate	(18,501)	–
Repayments from associates	2,119	–
Capital contributions to associates	–	(38)
Other cash flows generated from investing activities	1,478	206
Net cash used in investing activities	(16,323)	(329)
Financing activities		
Proceeds from new bank loans	71,884	77,286
Repayments of bank loans	(55,679)	(102,265)
Other cash flows used in financing activities	(212)	–
Net cash generated from/(used in) financing activities	15,993	(24,979)

Condensed Consolidated Cash Flow Statement

For the six-month period ended 30 September 2023-Unaudited

(Expressed in Hong Kong dollars)

	Six-month period ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Net (decrease)/increase in cash and cash equivalents	(37,857)	11,014
Cash and cash equivalents at the beginning of the period	167,485	110,143
Effect of foreign exchange rate changes	(1,709)	(3,855)
Cash and cash equivalents at the end of the period	127,919	117,302
Analysis of balance of cash and cash equivalents:		
Cash and cash equivalents	127,919	115,382
Cash and cash equivalents included in assets classified as held-for-sale	–	1,920
	127,919	117,302

The notes on pages 19 to 41 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(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 29 November 2023.

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 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 2023 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 2023 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 2023 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in its report dated 28 June 2023.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to HKAS 8, *Definition of Accounting Estimates*
- Amendments to HKAS 12, *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*
- Amendments to HKAS 12, *International Tax Reform – Pillar Two Model Rules*
- HKFRS 17, *Insurance Contracts*
- Amendments to HKFRS 17, *Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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 2023

(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	
	2023	2022
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of completed properties	–	74,000
– Distribution of construction and interior decorative materials	1,988	–
– Asset, investment and fund management income	2,904	7,683
– Property management fee and utility income	66	63
	4,958	81,746
Revenue from other source		
– Rental income	473	1,040
	5,431	82,786
Disaggregated by geographical location of customers		
– Hong Kong	3,443	82,786
– The People's Republic of China (the "PRC")	1,988	–
	5,431	82,786

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(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 2023, the Group's customer base is diversified and includes three customers (six-month period ended 30 September 2022: one customer) with whom transactions have exceeded 10% of the Group's revenue.

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.

For the period ended 30 September 2022, revenue from sales of completed properties to the customer in Hong Kong was approximately HK\$74,000,000.

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

At 30 September 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$5,359,000 (31 March 2023: HK\$4,187,000). This amount 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. The Group will recognise the expected revenue in the future when the relevant services are provided to the customers, which is expected to occur within the next 32 months (31 March 2023: next 12 months).

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(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 2023 HK\$'000	At 31 March 2023 HK\$'000
Within one year	526	336
After one year but within five years	720	–
	1,246	336

(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 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 United States of America (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.

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For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

Information regarding the above operating and reportable segments is reported below.

Segment results

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 loss of associates						(5,630)
Share of loss 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 2023

(Expressed in Hong Kong dollars)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

Segment results (continued)

For the six-month period ended 30 September 2022

	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	74,000	-	-	-	-	74,000
Over time	-	63	7,683	-	-	7,746
Revenue from other source	-	1,040	-	-	-	1,040
External revenue	74,000	1,103	7,683	-	-	82,786
Inter-segment revenue	-	1,775	-	-	(1,775)	-
Total	74,000	2,878	7,683	-	(1,775)	82,786
Segment profit/(loss) from operations	7,362	(421)	(1,141)	(269)	-	5,531
Corporate expenses						(22,981)
Corporate income						2,963
Decrease in fair value of investment properties						(6,000)
Finance costs						(5,275)
Share of loss of associates						(7,698)
Share of loss of joint ventures						(21,727)
Loss before taxation						(55,187)

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(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 2023 HK\$'000	At 31 March 2023 HK\$'000
Segment assets		
Property development	485,805	485,222
Property investment	157,417	159,126
Asset, investment and fund management	20,212	27,359
Distribution of construction and interior decorative materials	8,771	7,514
Total segment assets	672,205	679,221
Other properties, plant and equipment	34,737	34,744
Right-of-use assets	3,757	–
Interests in associates	206,493	213,489
Interests in joint ventures	238,912	252,632
Financial assets measured at fair value through other comprehensive income	–	–
Other receivables, deposits and prepayments	29,251	10,520
Bank deposits and cash on hand	127,919	167,485
Total consolidated assets of the Group	1,313,274	1,358,091

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(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 2023 HK\$'000	At 31 March 2023 HK\$'000
Segment liabilities		
Property development	104,052	98,743
Property investment	41,573	44,728
Asset, investment and fund management	1,257	1,321
Distribution of construction and interior decorative materials	3,631	3,627
Total segment liabilities	150,513	148,419
Other payables	7,314	7,280
Lease liabilities	3,802	–
Bank loans	185,000	172,500
Total consolidated liabilities of the Group	346,629	328,199

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

4 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Six-month period ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank loans	8,330	5,314
Interest on lease liabilities	51	–
Less: interest expenses capitalised into properties under development for sale (<i>Note (i)</i>)	(349)	(39)
	8,032	5,275
(b) Expenses by nature		
Cost of properties for recognised sales	–	62,353
Cost of inventories	1,536	–
Direct cost for management services provided (<i>Note (ii)</i>)	7,779	7,225
Direct outgoings of rental, property management fee and utilities	81	169
Operating lease payments in respect of leased properties	846	94
Depreciation of other properties, plant and equipment	830	838
Depreciation of right-of-use assets	206	–
Reversal of impairment loss on trade receivables	(3,030)	–
Impairment loss on trade receivables	9,210	–
Write-down on properties for sales	9,042	–
Net foreign exchange losses	3,028	12,621

Notes:

- (i) Interest was capitalised at an average annual rate of approximately 4.0% (six-month period ended 30 September 2022: 4.0%).
- (ii) Direct cost for management services provided includes staff costs of HK\$7,105,000 (six-month period ended 30 September 2022: HK\$7,225,000).

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

5 INCOME TAX

	Six-month period ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Current tax		
Overseas tax		
– Provision for the period	–	243
– Under-provision in respect of prior year	1	43
	1	286

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 the six-month periods ended 30 September 2023 and 30 September 2022.

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

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$58,610,000 (six-month period ended 30 September 2022: HK\$50,552,000) and 375,447,000 (six-month period ended 30 September 2022: 375,447,000) ordinary shares in issue during the interim period.

(b) Diluted loss per share

Diluted loss per share is of the same amount as the basic loss per share as there are no potential dilutive ordinary shares in existence during the six-month periods ended 30 September 2023 and 30 September 2022.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

7 INVESTMENT PROPERTIES

	At 30 September 2023 HK\$'000	At 31 March 2023 HK\$'000
At valuation:		
At the beginning of the period/year	158,700	362,500
Disposal of interests in subsidiaries (Note 17)	–	(198,000)
Transfer (Note (i))	–	116
Decrease in fair value of investment properties	(1,700)	(5,916)
At the end of the period/year	157,000	158,700

Notes:

- (i) During the year ended 31 March 2023, completed properties held for sale at cost of approximately 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 2023 by Asset Appraisal Limited (31 March 2023: Asset Appraisal Limited), an independent firm of surveyors who have 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 2023, the investment properties of HK\$154,300,000 (31 March 2023: HK\$156,400,000) were pledged as securities for bank loans (Note 13(d)).

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

8 INTERESTS IN ASSOCIATES

	At 30 September 2023 HK\$'000	At 31 March 2023 HK\$'000
Share of net assets	14,683	15,576
Amounts due from associates (<i>Note (ii)</i>)	322,095	323,461
Share of net liabilities	(130,285)	(125,548)
	191,810	197,913
	206,493	213,489

Notes:

- (i) Upon completion of the disposal of 80% equity interest in Vibrant Colour Holdings Limited (“Vibrant Colour”) and its subsidiaries (collectively the “Vibrant Colour Group”) on 17 January 2023 (as detailed in Note 17), the Group is able to exercise significant influence over Vibrant Colour because it has the power to appoint one out of three directors of Vibrant Colour pursuant to the shareholders’ deed, as such the retained 20% equity interest in the Vibrant Colour Group is accounted for as interests in associates in the consolidated financial statements using equity method.
- (ii) At 30 September 2023 and 31 March 2023, the amounts due from associates are interest-free, unsecured and have no fixed terms of repayment.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

9 INTERESTS IN JOINT VENTURES

	At 30 September 2023 HK\$'000	At 31 March 2023 HK\$'000
Share of net assets	12,969	12,337
Amounts due from joint ventures (<i>Note</i>)	292,550	292,566
Share of net liabilities	(66,607)	(52,271)
	225,943	240,295
	238,912	252,632

Note: At 30 September 2023 and 31 March 2023, the amount due from a joint venture of US\$1,200,000 (equivalent to HK\$9,434,000) (31 March 2023: US\$1,200,000 (equivalent to HK\$9,450,000)) is interest bearing at 5.5% per annum, unsecured and has no fixed terms of repayment while the remaining balance of HK\$283,116,000 (31 March 2023: HK\$283,116,000) is interest-free, unsecured and has no fixed terms of repayment.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

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 2023 HK\$'000	At 31 March 2023 HK\$'000
1 – 30 days	1,356	74
31 – 60 days	652	–
61 – 90 days	631	–
Over 90 days	20,479	27,883
	23,118	27,957

The Group negotiates with customers on individual basis in accordance with contract terms, i.e. an average credit period of 90 days (31 March 2023: 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 2023 HK\$'000	At 31 March 2023 HK\$'000
Deposits and prepayments	1,627	1,901
Loans and other receivables	7,345	6,317
Loan to an associate (Note)	25,670	7,169
	34,642	15,387

Note: At 30 September 2023 and 31 March 2023, the loan to an associate 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 2023

(Expressed in Hong Kong dollars)

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 2023 HK\$'000	At 31 March 2023 HK\$'000
1 – 30 days	–	847
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	33	35
	33	882

13 BANK LOANS

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

	At 30 September 2023 HK\$'000	At 31 March 2023 HK\$'000
Current liabilities		
Portion of bank loans due for repayment within one year	94,118	60,108
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	153,474	156,769
	247,592	216,877
Non-current liabilities		
Bank loans	81,251	95,922

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

13 BANK LOANS (CONTINUED)

At 30 September 2023, the bank loans are due for repayment as follows:

	At 30 September 2023 HK\$'000	At 31 March 2023 HK\$'000
Portion of bank loans due for repayment within one year	94,118	60,108
Bank loans due for repayment after one year (Notes (f) and (g)):		
After one year but within two years	127,725	142,141
After two years but within five years	107,000	104,210
After five years	–	6,340
	234,725	252,691
	328,843	312,799

At 30 September 2023, the secured bank loans and unsecured bank loans are as follows:

	At 30 September 2023 HK\$'000	At 31 March 2023 HK\$'000
Secured bank loans	208,843	192,799
Unsecured bank loans	120,000	120,000
	328,843	312,799

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

13 BANK LOANS (CONTINUED)

Notes:

- (a) At 30 September 2023, bank loans drawn in Hong Kong bear interest at rates ranging from 1.7% to 2.3% (31 March 2023: 1.7% to 2.3%) per annum over Hong Kong Interbank Offer Rate. The interests are repriced every month.
- (b) At 30 September 2023, bank loan drawn in Macau bears interest at 1.25% (31 March 2023: 1.25%) per annum below the prime rate determined by the lending bank.
- (c) At 30 September 2023, bank loans drawn in the U.S.A. bear interest at rates ranging from 3.8% to 4.0% (31 March 2023: 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 2023 HK\$'000	At 31 March 2023 HK\$'000
Investment properties	154,300	156,400
Buildings	33,926	34,640
Properties for sale	190,653	192,436
	378,879	383,476

Such banking facilities amounted to HK\$223,219,000 (31 March 2023: HK\$279,097,000) were utilised to the extent of HK\$208,843,000 at 30 September 2023 (31 March 2023: HK\$192,799,000).

- (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.

None of the covenants relating to the utilised facilities had been breached for the six-month periods ended 30 September 2023 and 30 September 2022.

- (f) 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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

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13 BANK LOANS (CONTINUED)

Notes: (Continued)

- (g) 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 RESERVES AND DIVIDEND

(a) Dividend

The board of directors (the "Board") does not recommend the payment of an interim dividend for the six-month period ended 30 September 2023 (six-month period ended 30 September 2022: HK\$Nil per share).

(b) Nature and purpose of reserves

(i) Statutory reserve

According to the relevant PRC laws, the PRC subsidiaries are required to transfer at least 10% of their 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) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iii) Other reserve

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.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

14 RESERVES AND DIVIDEND (CONTINUED)

(b) Nature and purpose of reserves (Continued)

(iv) Revaluation reserve

Revaluation reserve has been set up and is dealt with in accordance with the accounting policy adopted for revaluation of land and buildings held for own use.

(v) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income under HKFRS 9 that are held at the end of the reporting period.

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	
	2023	2022
	HK\$'000	HK\$'000
Investment management fee income from associates	2,373	3,848
Project management fee income from associates	–	3,304
Management fee income from a joint venture	210	210
Interest income from an associate	1,231	–
Interest income from a joint venture	259	260
Trade receivables from associates, net of loss allowance	20,056	25,353
Trade receivable from a joint venture, net of loss allowance	2,207	–

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

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15 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(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	2022
	2023	2022
	HK\$'000	HK\$'000
Salaries and short-term employee benefits	8,995	8,526
Post-employment benefits	54	54
	9,049	8,580

16 COMMITMENTS

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

	At	At
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
Authorised but not contracted for	931,570	934,582
Contracted for	45,449	51,677
	977,019	986,259

The above commitments include mainly the construction related costs to be incurred in respect of the Group's development properties in various locations.

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(Expressed in Hong Kong dollars)

17 DISPOSAL OF INTERESTS IN SUBSIDIARIES

On 17 January 2023, the Group disposed of 80% equity interest in the Vibrant Colour Group and the sale loan, representing 80% of the amount of shareholder's loan owing by Vibrant Colour to Worth Celestial Limited, a wholly-owned subsidiary of the Company to Harbour Best Investments Limited, a company jointly owned by a director of the Company and his spouse. The Vibrant Colour Group owns a residential property in Shouson Hill, Hong Kong. Upon the disposal completion, the Group retains 20% equity interest in the Vibrant Colour Group which is accounted for as interests in associates (Note 8).

The net liabilities of the Vibrant Colour Group as at the date of the disposal were as follows:

	HK\$'000
Investment property (Note 7)	198,000
Other receivables, deposits, and prepayments	1,401
Bank deposits and cash on hand	2,683
Other payables and accrual	(3,004)
Amount due to immediate holding company	(155,000)
Bank loan	(61,110)
	<hr/>
Net liabilities disposed of	(17,030)
	<hr/> <hr/>

	HK\$'000
Fair value of consideration	110,376

Fair value of 20% amount due from Vibrant Colour	31,000
20% of net liabilities of the Vibrant Colour Group	(3,406)
	<hr/>
Fair value of the 20% equity interest retained by the Group	27,594

Amount due to immediate holding company	(155,000)
Net liabilities disposed of	17,030
Costs directly attributable to the disposal	(102)
	<hr/> <hr/>
Loss on disposal of interests in subsidiaries	(102)
	<hr/> <hr/>

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2023

(Expressed in Hong Kong dollars)

18 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 2023 and 31 March 2023.

19 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\$217,021,000 (31 March 2023: HK\$217,219,000) and HK\$12,600,000 (31 March 2023: HK\$12,600,000) respectively. Such banking facilities were utilised by the subsidiaries and the associate to the extent of HK\$143,843,000 (31 March 2023: HK\$140,300,000) and HK\$11,844,000 (31 March 2023: HK\$12,096,000) 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 2023 and 31 March 2023, 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.

20 APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved by the Board on 29 November 2023.

Corporate Governance and Other Information

INTERIM DIVIDEND

The board of directors (the "Board") does not recommend the payment of an interim dividend for the six-month period ended 30 September 2023.

DIRECTORS' AND CHIEF EXECUTIVES' 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
			<hr/>	
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, the Company has maintained a sufficient public float throughout the interim reporting period as required under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Corporate Governance and Other Information

CHANGE IN DIRECTORS' INFORMATION

On 15 August 2023, Mr. Wong Hoi Ki resigned as an independent non-executive director of the Company.

On 15 August 2023, Ms. Khan Sabrina was appointed as an independent non-executive director of the Company.

On 30 September 2023, Mr. Yip Chun Kwok resigned from his position in the Company, as an executive director, a Chief Operating Officer, an Authorised Representative under the Listing Rules, an Authorised Representative under the Companies Ordinance, and a Process Agent.

Save as disclosed above, the directors of the Company confirmed that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the period and up to the date of this report.

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 14 to the Listing Rules except for the following deviation:

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.

Corporate Governance and Other Information

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 10 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:

(a) Advances to entities

As at 30 September 2023, the Company has advanced to Quarella Group Limited ("QGL") loans in an aggregate amount of HK\$250,000,000 for the working capital of QGL, which is non-interest bearing since 1 April 2020 and the interest on loans to QGL of HK\$33,116,000. The entire amount is unsecured and repayable by written notice demand by the Company.

As at 30 September 2023, an aggregate sum of HK\$245,310,000 was advanced by the Group to Fastest Runner Limited 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\$25,670,000 is interest bearing at 15% per annum, unsecured and repayable on or before 31 December 2023 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 Limited.

Corporate Governance and Other Information

(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 interest in those affiliated companies as at 30 September 2023 are presented as follows:

	HK\$'000
Non-current assets	741,366
Current assets	1,505,856
Current liabilities	(2,804,704)
Non-current liabilities	(214,455)
	<hr/>
Net liabilities	(771,937)
	<hr/> <hr/>
Share capital	221
Reserves	(772,158)
	<hr/>
Capital and reserves	(771,937)
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As at 30 September 2023, the Group's attributable accumulated losses in these affiliated companies amounted to HK\$221,085,000.

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, 29 November 2023