



RYKADAN
CAPITAL

RYKADAN CAPITAL LIMITED 宏基資本有限公司

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



Interim Report
2022

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHAN William

(Chairman and Chief Executive Officer)

YIP Chun Kwok *(Chief Operating 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

WONG Hoi Ki

AUDIT COMMITTEE

HO Kwok Wah, George *(Chairman)*

TO King Yan, Adam

WONG Hoi Ki

REMUNERATION COMMITTEE

HO Kwok Wah, George *(Chairman)*

TO King Yan, Adam

WONG Hoi Ki

NOMINATION COMMITTEE

CHAN William *(Chairman)*

HO Kwok Wah, George

WONG Hoi Ki

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

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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

During the interim period, the Group continued to navigate heightened market uncertainties and headwinds stemming from interest rate hikes, Covid disruptions and rising costs. The Group has steadily moved its property redevelopment projects ahead while positioning itself to capitalise on post-pandemic recovering opportunities upon further reopening.

The Group's long-term investment strategy remains the same - adding valued-added projects and opportunistic investments to its portfolio, efficiently growing their asset value and monetising them within a three-to-five-year horizon.

In Hong Kong, the Group's two redevelopment projects - the Wong Chuk Hang Project and the Jaffe Road Project, both located in well-connected business districts on Hong Kong Island, have progressed as planned. Despite soft market conditions, the pre-sale of the Jaffe Road Project has attracted strong buying interest, resulting in the sale of approximately 60% of the project's total gross floor area. On the other hand, the Wong Chuk Hang Project, which recently won three international design awards, is expected to be completed in the fourth quarter of 2022 and is currently being marketed.

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 advanced smoothly as planned.

The Group has continued to enhance its recurring revenue by prudently building and managing its asset, investment and fund management business. By leveraging its asset, investment and fund management business, the Group plans to tap a broader base of development capital while generating stable fee income. Following the Group's earlier divestments, it is now in an advantageous position to seek promising real estate redevelopment and co-investment opportunities in Hong Kong as well as overseas.

During the six months under review, the Group's investments included commercial and residential property redevelopment projects 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.

As of 30 September 2022, the Group's total assets were valued at HK\$1,490 million (31 March 2022: HK\$1,591 million), of which HK\$745 million (31 March 2022: HK\$595 million) were current assets, approximately 2.48 times (31 March 2022: 1.66 times) of its current liabilities. Equity attributable to the equity shareholders of the Company was HK\$1,173 million (31 March 2022: HK\$1,234 million).

Management Discussion and Analysis

OVERALL PERFORMANCE

During the six-month period ended 30 September 2022, the Group's consolidated revenue amounted to HK\$83 million (six-month period ended 30 September 2021: HK\$74 million). The consolidated revenue was mainly attributable to the recurring income generated from the Group's asset, investment and fund management business and the monetisation of property redevelopment projects in the Group's portfolio. Its gross profit and gross profit margin were HK\$13 million (six-month period ended 30 September 2021: HK\$13 million) and 15.8% (six-month period ended 30 September 2021: 17.7%) respectively.

The Group recorded a loss for the period of HK\$55 million (six-month period ended 30 September 2021: profit of HK\$3 million), while the loss attributable to equity shareholders of the Company was HK\$51 million (six-month period ended 30 September 2021: profit attributable to equity shareholders of the Company of HK\$7 million).

Loss was mainly attributable to absorption of losses incurred by joint ventures, fair value losses on investment properties in Hong Kong as well as net foreign exchange losses from British Pounds during the period.

Basic and diluted loss per share for the six-month period ended 30 September 2022 was HK13.5 cents (six-month period ended 30 September 2021: basic and diluted earnings per share of HK1.8 cents).

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 September 2022.

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition and disposal during the period.

INVESTMENT PORTFOLIO

As at 30 September 2022, the Group's bank deposits and cash was HK117 million (31 March 2022: HK\$110 million), representing 7.9% (31 March 2022: 6.9%) of the Group's total assets.

Management Discussion and Analysis

The following table shows the Group's investments as at 30 September 2022.

Real estate investments

Investment	Location	Type	Group's interest	Status as of 30/9/2022	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 June 2023	11,335 square feet (gross floor)	11,335 square feet (gross floor)
Broadway Project	216-220 East Broadway, San Gabriel, CA 91776, the U.S.A.	Residential property	50%	Under planning	16,740 square feet (gross floor)	8,370 square feet (gross floor)
Graphite Project	Graphite Square, Vauxhall, London SE11, the U.K.	Residential and commercial property	21.25%	Under construction. Expected to be completed in March 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	49,019 square feet (gross floor)	1,740 square feet (gross floor)
Wong Chuk Hang Project	23 Wong Chuk Hang Road, Hong Kong	Commercial and retail property	24.21%	Under construction. Expected to be completed in October 2022	107,208 square feet (gross floor)	25,955 square feet (gross floor)
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 sales)	N/A	N/A
Shouson Hill <i>(Note 2)</i>	House 11 (including two car parking spaces), No. 1 Shouson Hill Road East, Shouson Hill, Hong Kong	Residential property	100%	Investment properties (classified as assets held-for sale)	2,657 square feet (saleable)	2,657 square feet (saleable)

Management Discussion and Analysis

Notes:

- (1) The above gross floor area is calculated based on the Group's development plans, which may be subject to change.
- (2) In September 2022, a conditional sale and purchase agreement was entered into between Worth Celestial Limited ("Worth Celestial") (a wholly-owned subsidiary of the Company) and Harbour Best Investments Limited ("Harbour Best") (a company jointly owned by a director of the Company and his spouse), in relation to the conditional disposal of 80% of the entire issued share capital of Vibrant Colour Holdings Limited ("Vibrant Colour") which is a wholly-owned subsidiary of Worth Celestial and indirectly owns the Shouson Hill property, and 80% of the shareholder's loans owing by Vibrant Colour to Worth Celestial.

Following the master agreement which comprise the arrangement concerning the aforementioned conditional sale and purchase agreement was approved by the Company's independent shareholders at the Extraordinary General Meeting held in September 2022, the conditional sale and purchase agreement became legally binding, in which the Group is committed to complete the disposal, Vibrant Colour and its subsidiaries are therefore classified as "Assets classified as held-for-sale" in accordance with Hong Kong Financial Reporting Standard 5, *Non-current assets held for sale and discontinued operations*. Details of the transaction were disclosed in the circular of the Company dated 19 August 2022.

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 make headway on its overseas development projects in the U.S.A.. The construction of the Anoakia Project is expected to be completed by the second quarter of 2023 and the Broadway Project is currently under planning. These properties are located in California, the U.S.A..



Management Discussion and Analysis

Due to delays caused by the recent pandemic, the Group's Monterey Park Towne Centre Project ("MPTC") remains in the approval and planning phase. Nevertheless, MPTC is expected to receive the U.S. Green Building Council's LEED certification thanks to its unique sustainable design. It will be the city's first residential mixed-use development to achieve such green credentials. The Group intends to submit building permits to various authorities in the fourth quarter of 2022, with the construction expected to commence by the second quarter of 2023.

In the U.K., the Group's minority stake in the Graphite Project has received robust interest from offshore buyers within Asia. Prior to its official launch in the U.K. and offshore, a significant portion of the available units had already been sold. The Graphite Project is expected to be completed by the end of the first quarter of 2025.

In Hong Kong, the Jaffe Road Project was completed as scheduled in the summer of 2022, while the Wong Chuk Hang Project is expected to be completed by the fourth quarter of 2022. During the interim period, approximately 60% of the total gross floor area of the Jaffe Road Project had been pre-sold and the transacted units are expected to be gradually handed over to buyers in the fourth quarter of 2022. The Wong Chuk Hang Project has won industry acclaim for its vision of future workspace by winning the internationally recognised Muse Design Award, APR Gold Award and Rethinking The Future Awards. The Wong Chuk Hang Project is being marketed to potential buyers to target the increasing number of firms which consider relocation of their main offices away from Central to other well-connected areas on Hong Kong Island and Hong Kong Island South.

The sale of the remaining units and various car parking spaces of the Maple Street Project was also completed during the period under review.

The Group continues to leverage its property redevelopment track record to build up its asset, investment and fund management business, which enables the Group to broaden its capital base by tapping into larger-scale projects. The successful project management services provided amid pandemic, lock-downs and disruptions further highlight the Group's resilience and operational agility to deliver results and returns.

In addition to the projects outlined above, the Group continues to identify new opportunities, with a view to build a better diversified and optimised asset portfolio under a higher interest rate environment. At the same time, the Group continues to evaluate its projects on hand with a view of monetising these investments at an appropriate time.

Management Discussion and Analysis

Property investment

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

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

In September 2022, a conditional sale and purchase agreement was entered into between Worth Celestial and Harbour Best in relation to the conditional disposal of 80% of the entire issued share capital of Vibrant Colour and 80% of the shareholder's loans owing by Vibrant Colour to Worth Celestial. As of 30 September 2022, completion of the transaction is subject to fulfilment of certain conditions precedents. Details of the transaction were disclosed in the circular of the Company dated 19 August 2022.

In Bhutan, the Group holds an investment in a 24-suite boutique resort located in Punakha Valley, operated by RS Hospitality.

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. Established for over 50 years, with advanced factories and research and development centres in Italy, its products are used in a number of prominent hotels, airports, train stations, commercial buildings as well as shopping malls around the world.

During the six-month period under review, the pace of recovery for Quarella remained uneven due to macro-uncertainties and ongoing disruptions in a number of export markets. Despite these challenges, Quarella is proactively repositioning itself and will be developing a new line of mid-range products targeting rising middle-class consumers across the growing South-east Asia region and other developed markets.



Management Discussion and Analysis

OUTLOOK

Although concerns of recession and the U.S. interest rate hikes may further dampen consumer and investment sentiments, the Group remains cautiously optimistic due to the resilience and potential prospects of its current property and redevelopment project portfolios in Hong Kong and overseas. With its well-diversified asset portfolio around the world, it aims to capture recovering opportunities led by further border reopenings and easing of international travel restrictions.

Bhutan has recently resumed its tourism by welcoming international visitors starting from September 2022 where visitors are no longer required to be quarantined. The theme of border reopenings is set to revive economic activities and support recovery in the Group's hospitality and distribution of building material business.

While challenging economic conditions are expected to persist, the Group will leverage its experienced investment teams and track record in identifying high-return projects to generate return for its shareholders.

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 2022, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 20.6% (31 March 2022: 20.8%). 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 16.1% (31 March 2022: 17.9%) as the Group has net debts of HK\$189 million as at 30 September 2022 (31 March 2022: HK\$221 million).

Management Discussion and Analysis

As of 30 September 2022, the total bank borrowings of the Group amounted to HK\$307 million (31 March 2022: HK\$332 million). The bank borrowings of the Group were mainly used to finance the retaining of two floors of Rykadan Capital Tower, the Shouson Hill property, the property redevelopment projects and its investment in Quarella. 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 2022, the Group's current assets and current liabilities were HK\$745 million (31 March 2022: HK\$595 million) and HK\$301 million (31 March 2022: HK\$359 million) respectively. The Group's current ratio increased to 2.48 (31 March 2022: 1.66). 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 14 to the unaudited interim financial report.

Capital Commitments and Contingent Liabilities

For the capital commitments and contingent liabilities, please refer to notes 17 and 19 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, management of the Group 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 adopt prudent credit policies to deal with credit exposure. The Group's major customers are institutional organisations and reputable property developers. Therefore, 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.

Given the sporadic restrictions and credit conditions in Mainland China, the Group's management is closely monitoring and reviewing from time to time the credit policies, the recoverability of trade receivables and the financial position of its customers in order to minimise the credit risk exposure of the Group.

Employees and Remuneration Policies

As at 30 September 2022, the total number of employees of the Group is 26 (31 March 2022: 27). 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\$15 million for the period (six-month period ended 30 September 2021: HK\$12 million).

Consolidated Income Statement

For the six-month period ended 30 September 2022-Unaudited

(Expressed in Hong Kong dollars)

	Note	Six-month period ended	
		2022	2021
		HK\$'000	HK\$'000
Revenue	3	82,786	73,833
Cost of sales and services		(69,747)	(60,761)
Gross profit		13,039	13,072
Other revenue		3,912	5,194
Other net loss		(12,621)	(2,084)
Selling and marketing expenses		(4,694)	(1,520)
Administrative and other operating expenses		(14,123)	(10,615)
(Loss)/profit from operations		(14,487)	4,047
(Decrease)/increase in fair value of investment properties		(6,000)	8,380
Finance costs	4(a)	(5,275)	(2,022)
Share of (loss)/profit of associates		(7,698)	458
Share of loss of joint ventures		(21,727)	(7,141)
(Loss)/profit before taxation	4	(55,187)	3,722
Income tax	5	(286)	(402)
(Loss)/profit for the period		(55,473)	3,320
Attributable to:			
– Equity shareholders of the Company		(50,552)	6,602
– Non-controlling interests		(4,921)	(3,282)
(Loss)/profit for the period		(55,473)	3,320
(Loss)/earnings per share	6	(13.5 cents)	1.8 cents
Basic and diluted			

The notes on pages 20 to 43 form part of this interim financial report. Details of dividend payable to equity shareholders of the Company are set out in note 15(a).

Consolidated Statement of Comprehensive Income

For the six-month period ended 30 September 2022-Unaudited

(Expressed in Hong Kong dollars)

	Six-month period ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit for the period	(55,473)	3,320
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	(3,061)	474
– Share of translation reserve of joint ventures	(9,335)	824
Other comprehensive income for the period	(12,396)	1,298
Total comprehensive income for the period	(67,869)	4,618
Attributable to:		
– Equity shareholders of the Company	(61,408)	7,742
– Non-controlling interests	(6,461)	(3,124)
Total comprehensive income for the period	(67,869)	4,618

The notes on pages 20 to 43 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 September 2022-Unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
Non-current assets			
Investment properties	7	158,500	362,500
Other properties, plant and equipment		35,710	36,446
Interests in associates	8	315,677	330,911
Interests in joint ventures	9	235,033	266,072
Financial assets measured at fair value through other comprehensive income		–	–
		744,920	995,929
Current assets			
Properties for sale		350,102	399,969
Inventories		889	2,521
Trade receivables	10	26,654	21,891
Other receivables, deposits and prepayments	11	50,591	60,618
Bank deposits and cash on hand		115,382	110,143
		543,618	595,142
Assets classified as held-for-sale	12	200,991	–
		744,609	595,142
Current liabilities			
Trade and other payables	13	16,718	18,865
Contract liabilities		635	7,507
Bank loans	14	220,088	331,592
Current tax liabilities		1,271	1,320
		238,712	359,284
Liabilities directly associated with assets classified as held-for-sale	12	62,096	–
		300,808	359,284

Consolidated Statement of Financial Position

At 30 September 2022-Unaudited
(Expressed in Hong Kong dollars)

		At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
Net current assets		443,801	235,858
Total assets less current liabilities		1,188,721	1,231,787
Non-current liability			
Bank loans	14	24,803	–
NET ASSETS		1,163,918	1,231,787
CAPITAL AND RESERVES			
Share capital		3,754	3,754
Reserves	15(b)	1,168,759	1,230,167
Total equity attributable to equity shareholders of the Company		1,172,513	1,233,921
Non-controlling interests		(8,595)	(2,134)
TOTAL EQUITY		1,163,918	1,231,787

The notes on pages 20 to 43 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six-month period ended 30 September 2022-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 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

Consolidated Statement of Changes in Equity

For the six-month period ended 30 September 2022—Unaudited

(Expressed in Hong Kong dollars)

Attributable to equity shareholders of the Company												
Note	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	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
								reserve (non-recycling) HK\$'000				
At 1 April 2021	3,754	400,859	4,433	(1,769)	(371)	35,440	11,474	(15,850)	839,184	1,277,154	1,659	1,278,813
Changes in equity for the six-month period ended 30 September 2021:												
Profit for the period	-	-	-	-	-	-	-	-	6,602	6,602	(3,282)	3,320
Other comprehensive income	-	-	-	1,140	-	-	-	-	-	1,140	158	1,298
Total comprehensive income for the period	-	-	-	1,140	-	-	-	-	6,602	7,742	(3,124)	4,618
Dividend paid	^{15(a)} -	-	-	-	-	-	-	-	(11,263)	(11,263)	-	(11,263)
At 30 September 2021	3,754	400,859	4,433	(629)	(371)	35,440	11,474	(15,850)	834,523	1,273,633	(1,465)	1,272,168

The notes on pages 20 to 43 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six-month period ended 30 September 2022-Unaudited

(Expressed in Hong Kong dollars)

	Six-month period ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Operating activities		
Cash generated from/(used in) operations	36,659	(32,377)
Income tax paid	(337)	(1,011)
Net cash generated from/(used in) operating activities	36,322	(33,388)
Investing activities		
Advances to associates	(497)	(82,100)
Capital contributions to associates	(38)	(4,239)
Other cash flows generated from investing activities	206	262
Net cash used in investing activities	(329)	(86,077)
Financing activities		
Proceeds from new bank loans	77,286	12,919
Repayments of bank loans	(102,265)	(82,905)
Dividend paid	–	(11,263)
Net cash used in financing activities	(24,979)	(81,249)

Condensed Consolidated Cash Flow Statement

For the six-month period ended 30 September 2022-Unaudited

(Expressed in Hong Kong dollars)

	Note	Six-month period ended	
		30 September	
		2022	2021
		HK\$'000	HK\$'000
Net increase/(decrease) in cash and cash equivalents		11,014	(200,714)
Cash and cash equivalents at the beginning of the period		110,143	369,788
Effect of foreign exchange rate changes		(3,855)	(99)
Cash and cash equivalents at the end of the period		117,302	168,975
Analysis of balance of cash and cash equivalents:			
Cash and cash equivalents		115,382	168,975
Cash and cash equivalents included in assets classified as held-for-sale	12	1,920	–
		117,302	168,975

The notes on pages 20 to 43 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

(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 2022.

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 and non-current assets (or disposal groups) held-for-sale which is dealt with in accordance with the relevant accounting policy.

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 2022 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”).

The 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 2022 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 2022 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 2022.

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For the six-month period ended 30 September 2022

(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.

- Annual Improvements Project, *Annual Improvements to HKFRSs 2018-2020*
- Amendments to HKFRS 3, HKAS 16 and HKAS 37, *Narrow-scope Amendments*
- Accounting Guideline 5 (Revised), *Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations*

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 2022

(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	
	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of completed properties	74,000	63,614
– Distribution of construction and interior decorative materials	–	–
– Asset, investment and fund management income	7,683	7,507
– Property management fee and utility income	63	269
	81,746	71,390
Revenue from other source		
– Rental income	1,040	2,443
	82,786	73,833
Disaggregated by geographical location of customers		
– Hong Kong	82,786	10,219
– The United States of America (the “U.S.A.”)	–	63,614
	82,786	73,833

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For the six-month period ended 30 September 2022

(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 2022, the Group's customer base is diversified and includes only one customer (six-month period ended 30 September 2021: one customer) whose transaction has exceeded 10% of the Group's revenue.

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.

For the period ended 30 September 2021, revenue from sales of completed properties to the customer in the U.S.A. was approximately HK\$63,614,000.

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

At 30 September 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$8,602,000 (31 March 2022: HK\$78,101,000). 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 (31 March 2022: properties for sale and provision of services). The Group will recognise the expected revenue in the future when the relevant services are provided or the properties are assigned to the customers, which are expected to occur within the next 14 months.

The amount discussed above does not include any amounts of incentive bonuses that the Group may earn in the future by meeting the conditions set out in the Group's contracts with customers for the provision of asset, investment and fund management, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those incentive bonuses.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

(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 2022 HK\$'000	At 31 March 2022 HK\$'000
Within one year	633	877
After one year but within five years	81	314
	714	1,191

(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 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 2022

(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 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)

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For the six-month period ended 30 September 2022

(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 2021

	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	63,614	-	-	-	-	63,614
Over time	-	269	7,507	-	-	7,776
Revenue from other source	-	2,443	-	-	-	2,443
External revenue	63,614	2,712	7,507	-	-	73,833
Inter-segment revenue	-	1,775	-	-	(1,775)	-
Total	63,614	4,487	7,507	-	(1,775)	73,833
Segment profit/(loss) from operations	8,781	612	(37)	(401)	-	8,955
Corporate expenses						(9,882)
Corporate income						4,974
Increase in fair value of investment properties						8,380
Finance costs						(2,022)
Share of profit of associates						458
Share of loss of joint ventures						(7,141)
Profit before taxation						3,722

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

(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 segment:

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
Segment assets		
Property development	353,710	407,872
Property investment	158,905	363,326
Asset, investment and fund management	25,739	20,843
Distribution of construction and interior decorative materials	7,760	9,922
Total segment assets	546,114	801,963
Other properties, plant and equipment	35,613	36,292
Interests in associates	315,677	330,911
Interests in joint ventures	235,033	266,072
Financial assets measured at fair value through other comprehensive income	–	–
Other receivables, deposits and prepayments	40,719	45,690
Bank deposits and cash on hand	115,382	110,143
Assets classified as held-for-sale	200,991	–
Total consolidated assets of the Group	1,489,529	1,591,071

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

(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 segment: (continued)

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
Segment liabilities		
Property development	28,885	65,064
Property investment	47,925	52,147
Asset, investment and fund management	1,061	821
Distribution of construction and interior decorative materials	4,037	4,246
Total segment liabilities	81,908	122,278
Other payables	9,107	9,006
Bank loans	172,500	228,000
Liabilities directly associated with assets classified as held-for-sale	62,096	–
Total consolidated liabilities of the Group	325,611	359,284

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For the six-month period ended 30 September 2022

(Expressed in Hong Kong dollars)

4 (LOSS)/PROFIT BEFORE TAXATION

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

	Six-month period ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank loans	5,314	2,114
Less: interest expenses capitalised into properties under development for sale (Note (i))	(39)	(92)
	5,275	2,022
(b) Expenses by nature		
Cost of properties for recognised sales	62,353	53,551
Direct cost for management services provided (Note (ii))	7,225	6,679
Direct outgoings of rental, property management fee and utilities	169	531
Operating lease payment in respect of leased properties	94	451
Depreciation of other properties, plant and equipment	838	842
Net foreign exchange losses	12,621	2,084

Notes:

- (i) Interest was capitalised at an average annual rate of approximately 4.0% (six-month period ended 30 September 2021: 5.0%).
- (ii) Direct cost for management services provided represents staff costs of HK\$7,225,000 (six-month period ended 30 September 2021: HK\$6,679,000).

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

(Expressed in Hong Kong dollars)

5 INCOME TAX

	Six-month period ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax		
– Provision for the period	–	48
Overseas tax		
– Provision for the period	243	300
– Under-provision in respect of prior year	43	54
	286	354
	286	402

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 period ended 30 September 2022.

The provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the six-month period ended 30 September 2021.

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

6 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of HK\$50,552,000 (six-month period ended 30 September 2021: profit of HK\$6,602,000) and 375,447,000 (six-month period ended 30 September 2021: 375,447,000) ordinary shares in issue during the interim period.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

(Expressed in Hong Kong dollars)

6 (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is of the same amount as the basic (loss)/earnings per share as there are no potential dilutive ordinary shares in existence during the six-month periods ended 30 September 2022 and 30 September 2021.

7 INVESTMENT PROPERTIES

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
At valuation:		
At the beginning of the period/year	362,500	158,240
Additions from acquisition of assets through acquisition of subsidiaries	–	210,000
Transfers (<i>Notes (i) and (ii)</i>)	(198,000)	602
Decrease in fair value of investment properties	(6,000)	(6,342)
At the end of the period/year	158,500	362,500

Notes:

- (i) During the period ended 30 September 2022, investment property of HK\$198,000,000 was transferred from “investment properties” to “assets classified as held-for-sale” (Note 12).
- (ii) During the year ended 31 March 2022, completed properties held for sale at cost of HK\$602,000 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\$2,300,000 and revaluation surplus of HK\$1,698,000 have been dealt with in the consolidated income statement.
- (iii) The investment properties are held in Hong Kong under medium-term leases and were revalued at 30 September 2022 by Assets Appraisal Limited (31 March 2022: Assets Appraisal Limited and Colliers International (Hong Kong) 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. At 30 September 2022, the investment properties of HK\$156,200,000 (31 March 2022: HK\$360,200,000) were pledged as securities for bank loans (Note 14(d)).

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

(Expressed in Hong Kong dollars)

8 INTERESTS IN ASSOCIATES

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
Share of net assets	37,458	38,640
Amounts due from associates (<i>Note</i>)	293,123	300,697
Share of net liabilities	(14,904)	(8,426)
	278,219	292,271
	315,677	330,911

Note: At 30 September 2022 and 31 March 2022, the amounts due from associates are interest-free and unsecured. All the amounts are not expected to be recovered within the next twelve months from the end of the reporting period and they are neither past due nor impaired.

9 INTERESTS IN JOINT VENTURES

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
Share of net assets	11,810	12,431
Amounts due from joint ventures (<i>Note</i>)	292,565	292,542
Share of net liabilities	(69,342)	(38,901)
	223,223	253,641
	235,033	266,072

Note: At 30 September 2022, the amount due from a joint venture of US\$1,200,000 (equivalent to HK\$9,449,000 (31 March 2022: US\$1,200,000 (equivalent to HK\$9,426,000)) is interest bearing at 5.5% per annum and unsecured while the remaining balance of HK\$283,116,000 (31 March 2022: HK\$283,116,000) is interest-free and unsecured. All the amounts are not expected to be recovered within the next twelve months from the end of the reporting period and they are neither past due nor impaired.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

(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 allowance, is as follows:

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
1 – 30 days	845	2,814
31 – 60 days	652	1,230
61 – 90 days	141	387
Over 90 days	25,016	17,460
	26,654	21,891

The Group negotiates with customers on individual basis in accordance with contract terms, i.e. an average credit period of 90 days (31 March 2022: 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.

Before accepting any new customers of the distribution of construction and interior decorative materials business, the Group assesses the potential customers' credit quality and defines credit limits by customers. Recoverability of the receivables from existing customers is reviewed by the Group regularly.

11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
Deposits and prepayments	4,648	2,228
Loans and other receivables	45,943	58,390
	50,591	60,618

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For the six-month period ended 30 September 2022

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12 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

On 17 June 2022, Worth Celestial Limited (“Worth Celestial”) (a wholly-owned subsidiary of the Company), Harbour Best Investments Limited (“Harbour Best”) (a company jointly owned by a director of the Company and his spouse), Rykadan Carlyle South LLC (“RCS LLC”) (a wholly-owned subsidiary of the Company), Century Winner Inc (“CWI”) (a company jointly owned by the said director of the Company and his spouse), the said director of the Company (as guarantor) and the spouse of the said director of the Company (as guarantor) entered into a master agreement in relation to certain arrangements concerning:

- (1) the residential purchase agreement and joint escrow instructions to be entered into between RCS LLC and CWI with respect to a proposed acquisition of a property located in the U.S.A., and;
- (2) the conditional sale and purchase agreement to be entered into between Harbour Best and Worth Celestial with respect to the conditional disposal of 80% of the entire issued share capital of Vibrant Colour Holdings Limited (“Vibrant Colour”), which is a wholly-owned subsidiary of Worth Celestial and indirectly owns the Shouson Hill property, and 80% of the shareholder’s loans owing by Vibrant Colour to Worth Celestial.

The master agreement was approved by the independent shareholders of the Company at the Extraordinary General Meeting held on 8 September 2022.

On 15 September 2022, the conditional sale and purchase agreement described under the above paragraph (2) was entered into between Worth Celestial and Harbour Best and became legally binding, in which the Group is committed to complete the disposal. At 30 September 2022, completion of the transaction is subject to fulfilment of certain conditions precedents, the assets and liabilities of Vibrant Colour and its subsidiaries (collectively the “Vibrant Colour Group”) were accordingly classified as “Assets classified as held-for-sale” and “Liabilities directly associated with assets classified as held-for-sale” respectively in the Group’s consolidated statement of financial position at 30 September 2022 in accordance with HKFRS 5, *Non-current assets held-for-sale and discontinued operations*.

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(Expressed in Hong Kong dollars)

12 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

Assets and liabilities classified as held-for-sale at 30 September 2022 are analysed as follows:

	At 30 September 2022 HK\$'000
Assets classified as held-for-sale	
Investment property (<i>Note (i)</i>)	198,000
Other receivables, deposits and prepayments	1,071
Bank deposits and cash on hand	1,920
	200,991
Liabilities directly associated with assets classified as held-for-sale	
Other payables	356
Amount due to immediate holding company	152,642
Bank loan (<i>Note (ii)</i>)	61,740
	214,738
Total liabilities directly associated with assets classified as held-for-sale	(152,642)
Less: Amount due to immediate holding company	
	62,096

Notes:

- (i) The investment property is held in Hong Kong under medium-term leases and was revalued at 30 September 2022 by Colliers International (Hong Kong) 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. At 30 September 2022, the investment property was pledged as security for bank loan.
- (ii) At 30 September 2022, the banking facility of Vibrant Colour was fully utilised and the bank loan drawn in Hong Kong bears interest at 1.2% per annum over Hong Kong Interbank Offer Rate. The interest is repriced every three months.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

(Expressed in Hong Kong dollars)

13 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 2022 HK\$'000	At 31 March 2022 HK\$'000
1 – 30 days	181	881
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	34	38
	215	919

14 BANK LOANS

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

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
Current liabilities		
Portion of bank loans due for repayment within one year	60,013	58,030
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	160,075	273,562
	220,088	331,592
Non-current liability		
Bank loans	24,803	–

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

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14 BANK LOANS (CONTINUED)

At 30 September 2022, the bank loans are due for repayment as follows:

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
Portion of bank loans due for repayment within one year	60,013	58,030
Bank loans due for repayment after one year (Notes (f) and (g)):		
After one year but within two years	13,732	13,030
After two years but within five years	161,127	246,854
After five years	10,019	13,678
	184,878	273,562
	244,891	331,592

At 30 September 2022, the secured bank loans and unsecured bank loans are as follows:

	At 30 September 2022 HK\$'000	At 31 March 2022 HK\$'000
Secured bank loans	124,891	211,592
Unsecured bank loans	120,000	120,000
	244,891	331,592

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14 BANK LOANS (CONTINUED)

Notes:

- (a) At 30 September 2022, bank loans drawn in Hong Kong bear interest at rates ranging from 1.7% to 2.3% (31 March 2022: 1.2% to 2.3%) per annum over Hong Kong Interbank Offer Rate. The interests are repriced every month (31 March 2022: every one to three months).
- (b) At 30 September 2022, bank loan drawn in Macau bears interest at 1.25% (31 March 2022: 1.25%) per annum below the Macau's Prime Lending Rate.
- (c) At 30 September 2022, bank loans drawn in the U.S.A. bear interest at rates ranging from 3.8% to 4.0% (31 March 2022: 5.0%) 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 2022 HK\$'000	At 31 March 2022 HK\$'000
Investment properties	156,200	360,200
Buildings	35,353	36,067
Properties for sale	70,647	126,722
	262,200	522,989

Such banking facilities amounted to HK\$219,504,000 (31 March 2022: HK\$285,868,000) were utilised to the extent of HK\$124,891,000 at 30 September 2022 (31 March 2022: HK\$211,592,000).

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For the six-month period ended 30 September 2022

(Expressed in Hong Kong dollars)

14 BANK LOANS (CONTINUED)

Notes: (Continued)

- (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 2022 and 30 September 2021.

- (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.
- (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.

15 RESERVES AND DIVIDEND

(a) Dividend

- (i) The board of directors (the "Board") does not recommend the payment of an interim dividend for the six-month period ended 30 September 2022 (six-month period ended 30 September 2021: HK\$Nil per share).
- (ii) Dividend payable to equity shareholders attributable to the previous financial year, approved and paid during the period.

	Six-month period ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, of HK\$Nil per share (six-month period ended 30 September 2021: HK3 cents per share)	-	11,263

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(Expressed in Hong Kong dollars)

15 RESERVES AND DIVIDEND (CONTINUED)

(b) Nature and purpose of reserves

(i) Statutory reserve

According to the relevant law of the People's Republic of China (the "PRC"), 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.

(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.

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16 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	
	2022	2021
	HK\$'000	HK\$'000
Investment management income from associates	3,848	3,848
Project management income from associates	3,304	3,128
Management fee income from a joint venture	210	210
Rental and building management income from an associate	–	280
Interest income from a joint venture	260	257
Trade receivables from associates, net of loss allowance	25,353	16,121
Trade receivable from a joint venture, net of loss allowance	–	6,367
Rental deposit received from an associate	–	80

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

(Expressed in Hong Kong dollars)

16 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	2021
	HK\$'000	HK\$'000
Salaries and short-term employee benefits	8,526	8,078
Post-employment benefits	54	54
	8,580	8,132

17 CAPITAL COMMITMENTS

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

	At	At
	30 September	31 March
	2022	2022
	HK\$'000	HK\$'000
Authorised but not contracted for	937,569	1,023,264
Contracted for	188,440	69,501
	1,126,009	1,092,765

At 30 September 2022, the above commitments mainly include the acquisition of a property development project and property construction and development costs to be incurred (31 March 2022: property construction and development costs to be incurred) in respect of the Group's properties under development.

Notes to the Unaudited Interim Financial Report

For the six-month period ended 30 September 2022

(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 2022 and 31 March 2022.

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\$278,416,000 (31 March 2022: HK\$278,275,000) and HK\$20,000,000 (31 March 2022: HK\$20,000,000) respectively. Such banking facilities were utilised by the subsidiaries and the associate to the extent of HK\$134,131,000 (31 March 2022: HK\$166,592,000) and HK\$Nil (31 March 2022: HK\$Nil) 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 2022 and 31 March 2022, 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 2022.

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 2022.

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
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 owns 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 deemed or taken 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.

Corporate Governance and Other Information

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

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 the deviation from code provisions A.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 A.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 2022, the Group has advanced to Quarella Group Limited ("QGL") loans in the 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 amounts are unsecured and repayable by written notice demand by the Company.

As at 30 September 2022, an aggregate sum of HK\$219,640,000 has been 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 ("the Property") and financing its development and general working capital. The advances are non-interest bearing, unsecured and do not have a fixed terms of repayment and are made pro-rata to the percentage of shareholding of the relevant subsidiary of the Group in Fastest Runner Limited. In addition, a guarantee amounted to HK\$20,000,000 has been issued by the Company to secure a banking facility granted to the subsidiary of Fastest Runner Limited which holds the Property. Such banking facility was obtained for the purpose of application to the Lands Department of the Government of the Hong Kong Special Administrative Region for the pre-sale consent in relation to the Property.

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 2022 are presented as follows:

	HK\$'000
Non-current assets	663,584
Current assets	2,781,495
Current liabilities	(3,409,072)
Non-current liabilities	(243,952)
	<hr/>
Net liabilities	(207,945)
	<hr/> <hr/>
Share capital	221
Reserves	(208,166)
	<hr/>
Capital and reserves	(207,945)
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As at 30 September 2022, the Group's attributable accumulated losses in these affiliated companies amounted to HK\$84,858,000.

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 Mr. Wong Hoi Ki, with the chairman possessing the appropriate professional qualifications and accounting expertise, has reviewed the unaudited consolidated interim results of the Group for the period with the Group's management.

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 2022