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CAPITAL ESTATE LIMITED

冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 JULY 2025

The board of directors (the “Board”) of Capital Estate Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 July 2025, together with comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue			
Contracts with customers	5	24,844	29,061
Interest under effective interest method	5	28,551	27,338
Cost of sales		(6,053)	(9,644)
Direct operating costs		(4,350)	(4,005)
Gross profit		42,992	42,750
Other gains and losses	6	(2,201)	(6,271)
Impairment losses under expected credit loss (“ECL”) model, net		(8,460)	(9,406)
Other income		12,946	17,298
Marketing expenses		(2,881)	(3,959)
Administrative expenses		(49,279)	(45,127)
Other hotel operating expenses		(13,592)	(11,069)
Share of profit of an associate		4,961	20,287
Finance costs	7	(661)	(49)
(Loss) profit before taxation		(16,175)	4,454
Income tax expense	8	(396)	(667)
(Loss) profit for the year	9	(16,571)	3,787

	Note	2025 HK\$'000	2024 HK\$'000
Other comprehensive income (expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>2,571</u>	<u>(3,260)</u>
Other comprehensive income (expense) for the year		<u>2,571</u>	<u>(3,260)</u>
Total comprehensive (expense) income for the year		<u><u>(14,000)</u></u>	<u><u>527</u></u>
(Loss) profit for the year attributable to:			
Owners of the Company		(13,895)	5,569
Non-controlling interests		<u>(2,676)</u>	<u>(1,782)</u>
		<u><u>(16,571)</u></u>	<u><u>3,787</u></u>
Total comprehensive (expense) income attributable to:			
Owners of the Company		(11,967)	3,085
Non-controlling interests		<u>(2,033)</u>	<u>(2,558)</u>
		<u><u>(14,000)</u></u>	<u><u>527</u></u>
(Loss) earnings per share			
Basic – HK cents	10	<u><u>(6.6)</u></u>	<u><u>2.9</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		210,592	211,728
Right-of-use assets		28,642	24,238
Interest in an associate	<i>11</i>	170,123	165,162
Deposit and prepayment for a life insurance policy		11,521	11,539
Receivables from customers of consumer finance service		12,102	17,059
		432,980	429,726
Current assets			
Properties held for sale		23,381	29,140
Inventories		608	274
Trade and other receivables	<i>12</i>	10,087	12,923
Receivables from customers of consumer finance service		46,714	48,013
Amount due from an associate	<i>13</i>	7,511	7,434
Prepaid income tax		5,988	4,108
Financial assets at fair value through profit or loss ("FVTPL")		256,724	99,841
Derivative financial instruments		766	–
Pledged bank deposit		655	652
Bank balances and cash		47,117	175,038
		399,551	377,423
Current liabilities			
Trade and other payables	<i>14</i>	13,281	15,209
Contract liabilities		246	244
Derivative financial instruments		22,021	–
Lease liabilities		2,439	–
Amounts due to related parties		1,034	2,068
Tax payable		5,846	4,072
Bank overdrafts		2,829	–
		47,696	21,593
Net current assets		351,855	355,830
Total assets less current liabilities		784,835	785,556

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current liabilities		
Deferred tax liability	17,975	19,119
Lease liabilities	3,430	–
	<u>21,405</u>	<u>19,119</u>
Net assets	<u>763,430</u>	<u>766,437</u>
Capital and reserves		
Share capital	1,528,492	1,518,519
Reserves	(707,438)	(695,471)
	<u>821,054</u>	<u>823,048</u>
Equity attributable to owners of the Company	821,054	823,048
Non-controlling interests	(57,624)	(56,611)
	<u>(57,624)</u>	<u>(56,611)</u>
Total equity	<u>763,430</u>	<u>766,437</u>

1 GENERAL INFORMATION

Capital Estate Limited (the “Company”) is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company is Room 1211-1220, 12/F, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong.

The Company acts as an investment holding company. The subsidiaries are engaged in property development, hotel operations, provision of consumer financing services and trade of securities. An associate of the Group is engaged in hotel operations and property investment.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$” or “HKD”), which is also the functional currency of the Company.

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 August 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liabilities as current or non-current retrospectively. The application of the amendments has had no material impact on the consolidated financial statements.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

The financial information relating to the years ended 31 July 2025 and 2024 included in this preliminary announcement of annual results 2025 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 July 2025 in due course.

For the years ended 31 July 2025 and 2024, the auditor's reports were qualified and contained a statement under sections 407(2) and 407(3) of the Hong Kong Companies Ordinance (Cap.622). The auditor's report did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance (Cap. 622). For details, please refer to section "EXTRACT OF INDEPENDENT AUDITOR'S REPORT" in this preliminary announcement.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Valuation of interest in an associate

The Group's associate, Tin Fok Holding Company Limited ("Tin Fok") and its subsidiary (together, "Tin Fok Group"), are principally engaged in hotel operations and property investment in Macao Special Administrative Region of the People's Republic of China (the "PRC") (note 11). The ultimate controlling shareholders of Tin Fok are certain directors of the Company and their mother. The Group accounted for its interest in Tin Fok using equity method of accounting based on the unaudited consolidated financial statements (the "Books") of Tin Fok Group for the years ended 31 July 2025 and 2024 prepared in accordance with HKFRS Accounting Standards provided by management of Tin Fok. As at 31 July 2025, the carrying amount of interest in an associate is HK\$170,123,000 (2024: HK\$165,162,000). In preparing the Books of Tin Fok Group, the accounting policies of Tin Fok have been aligned, where necessary, to ensure consistency with those accounting policies adopted by the Group. Significant management judgements and estimates have been involved as described below:

ECL assessment on loan to and interest receivable (the "Loan") from a private company, being a related company of the directors of the Company, Ms. Sio Lai Na and Ms. Sio Lai Nga ("Entity A") in the Books of Tin Fok

On 31 July 2024, Global Master Management Limited and Marco Rich Limited, shareholders of Tin Fok (together as "Indemnifiers") and Entity A, entered into a deed of indemnity (the "Deed") in favour of Tin Fok. Pursuant to the Deed, the Indemnifiers jointly agreed to, indemnify Tin Fok against all and any sums owed by Entity A under the Loan; apply all and any dividends payable to them in their capacities as shareholders of Tin Fok towards repayment of the Loan; irrevocably authorises Tin Fok to withhold and apply all and any dividends payable to them to give effect to the foregoing; and in their capacities as shareholders to exercise their respective voting rights for the purpose of approving any dividends payable to them by Tin Fok for the purpose of the Deed. Also, pursuant to the Deed, Entity A and Tin Fok have agreed that Entity A shall repay the Loan in instalments in accordance with a revised repayment schedule with the final repayment to be made on 30 November 2027. Also, on the same date, the shareholders of Tin Fok have adopted a dividend policy, whereby Tin Fok shall, at its best effort, distribute between 95% to 100% of its annual net profits as dividends but, amongst other conditions, only in the years where Tin Fok has generated positive net profits. During the year ended 31 July 2025, Tin Fok received repayments from Entity A on the Loan of HK\$45,000,000 (2024: HK\$80,000,000). As at 31 July 2025, the balance of the Loan on the books of Tin Fok was HK\$640,333,000 (2024: HK\$651,370,000).

For the purposes of equity accounting the results of Tin Fok Group for the year ended 31 July 2025, the management of Tin Fok and the management of the Group assessed the ECL of the Loan carried in the Books of Tin Fok Group, by taking into consideration of the financial position of Entity A and the fair value of the indemnity granted by the Indemnifiers pursuant to the Deed. On the basis of the foregoing, the management of Tin Fok and the management of the Group are of the view that the credit risk related to the Loan was not significantly increased and the amounts are still recoverable and therefore no ECL was recognised in Tin Fok's Books for the year ended 31 July 2025 (2024: nil).

(b) Provision of ECL for receivables from customers of consumer finance service

Receivables from customers of consumer finance service which are credit-impaired are assessed for ECL individually and the Group estimates ECL on remaining receivables from customers of consumer finance service on a collective basis. The provision rates are based on the Group's historical default rates over the expected life of the debtors and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates.

(c) Impairment assessment of property, plant and equipment and right-of-use assets relevant to hotel operations

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. Management assesses impairment whenever events or changes in circumstances indicate that the carrying amounts of an asset may not be recoverable. Determining whether the property, plant and equipment and right-of-use assets relevant to hotel operations is impaired requires an estimation of the recoverable amount, which is the higher of the value in use or fair value less costs of disposal. The Group engages an independent property valuer to estimate the fair value less cost of disposal of the property, plant and equipment and leasehold lands relevant to hotel operations. Impairment loss will be recognised when the recoverable amount are lower than the carrying amounts. As at 31 July 2025, the carrying amounts of property, plant and equipment and right-of-use assets relevant to hotel operations are HK\$210,170,000 (2024: HK\$211,582,000) and HK\$23,087,000 (2024: HK\$24,238,000) respectively without impairment recognised.

5 SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM"), representing the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised. The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

Hotel operations	–	hotel business and its related services
Financial investment	–	trading of listed securities and other financial instruments
Property	–	sale of properties held for sale
Consumer finance	–	provision of consumer finance service

Information regarding these segments is reported below.

Segment revenue and results

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

For the year ended 31 July 2025

	Hotel operations <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Consumer finance <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Gross proceeds	12,909	434,051	11,935	28,551	487,446
Segment revenue	12,909	–	11,935	28,551	53,395
Segment (loss) profit	(15,953)	5,216	5,644	(357)	(5,450)
Unallocated income					1,169
Unallocated expenses					(16,177)
Finance costs					(661)
Share of profit of an associate					4,961
Loss on deregistration of a subsidiary					(17)
Loss before taxation					<u>(16,175)</u>

For the year ended 31 July 2024

	Hotel operations <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Consumer finance <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Gross proceeds	13,880	66,338	15,181	27,338	122,737
Segment revenue	13,880	–	15,181	27,338	56,399
Segment (loss) profit	(11,622)	840	5,162	(2,459)	(8,079)
Unallocated income					5,537
Unallocated expenses					(13,242)
Finance costs					(49)
Share of profit of an associate					20,287
Profit before taxation					<u>4,454</u>

Segment (loss) profit represents the (loss incurred) profit earned by each segment without allocation of certain other income, central administration costs, directors' salaries, finance costs, share of profit of an associate and loss on deregistration of a subsidiary. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

6 OTHER GAINS AND LOSSES

	2025 HK\$'000	2024 HK\$'000
Dividend income from financial assets at FVTPL	3,671	325
Increase (decrease) in fair value of financial assets at FVTPL	15,383	(6,596)
Decrease in fair value of derivative financial instruments	(21,255)	–
	<u>(2,201)</u>	<u>(6,271)</u>

7 FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interests on lease liabilities	175	–
Interests on overdraft in brokers' account	486	49
	<u>661</u>	<u>49</u>

8 INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Tax expense comprises:		
PRC land appreciation tax		
Current tax	1,733	2,204
Deferred taxation	(1,337)	(1,537)
	<u>396</u>	<u>667</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made for both years as the Company and subsidiaries did not generate any assessable profits in Hong Kong for the years or have available tax losses brought forward from prior years to offset against assessable profits generated during both years.

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

The provision for PRC land appreciation tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

No provision for PRC enterprise income tax has been made for both years as the subsidiaries in the PRC did not generate any assessable profit for the years.

9 (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging (crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Directors' emoluments	4,860	4,189
Other staff costs		
– Salaries and other benefits	20,476	18,061
– Retirement benefit scheme contributions	1,717	1,413
Total employee benefit expenses	27,053	23,663
Auditor's remuneration	2,020	1,950
Cost of inventories recognised as an expense	496	328
Cost of properties sold recognised as an expense	6,053	9,644
Depreciation of property, plant and equipment included in:		
– other hotel operating expenses	12,196	9,687
– administrative expenses	133	137
Depreciation of right-of-use assets	2,551	1,382
Net foreign exchange loss (gain)	117	(15)
Loss on disposal of property, plant and equipment	26	227
Loss on deregistration of a subsidiary	17	–
Included in other income:		
Bank and other interest income	(1,775)	(6,125)
Interest income from financial assets at FVTPL	(7,539)	(7,219)
Rental income, net of direct operating expense	(2,484)	(1,869)
	(11,798)	(15,213)

10 (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Loss) profit for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	(13,895)	5,569
	2025	2024
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	210,735,395	194,357,559

For the year ended 31 July 2025, the calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$13,895,000 (2024: profit attributable to owners of the Company of approximately HK\$5,569,000) and the weighted average number of 210,735,395 (2024: 194,357,559) ordinary shares.

No diluted (loss) earnings per share was presented as there are no dilutive potential ordinary shares during both years.

11 INTEREST IN AN ASSOCIATE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of unlisted investments in an associate	229,455	229,455
Share of post-acquisition results and other comprehensive income, net of dividend received	(59,332)	(64,293)
	<u>170,123</u>	<u>165,162</u>

At 31 July 2025 and 2024, details of the Group's associate are as follows:

Name of entity	Place of incorporation/ principal place of operation	Proportion of quoted capital held by the Group		Principal activities
		2025	2024	
Tin Fok (<i>note</i>)	Macau	32.5%	32.5%	Hotel operations and property investment

Note: The ultimate controlling shareholders of Tin Fok are the directors of the Company, Ms. Sio Lai Na and Ms. Sio Lai Nga and their mother.

Included in the cost of investment in Tin Fok is goodwill of HK\$2,362,000 (2024: HK\$2,362,000) arising from acquisition of Tin Fok Group.

The directors of the Company considered that the recoverable amount of the associate was higher than its carrying amount, accordingly no impairment loss on interest in an associate is recognised during the year ended 31 July 2025 (2024: Nil).

The summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with HKFRS Accounting Standards. The associate is accounted for using the equity method in these consolidated financial statements.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current assets (<i>note (i)</i>)	143,214	87,497
Non-current assets (<i>notes (i) and (ii)</i>)	1,375,637	1,481,722
Current liabilities	(386,658)	(362,449)
Non-current liabilities	(669,695)	(754,221)
Non-controlling interests	53,688	48,374
	<u>516,186</u>	<u>500,923</u>
Net assets attributable to owners of Tin Fok		
	<u>187,868</u>	<u>231,213</u>
Revenue		
	<u>15,263</u>	<u>62,420</u>
Profit and total comprehensive income for the year		
	<u>4,961</u>	<u>20,287</u>
Group's share of profit of an associate		

Notes:

- (i) Included in current assets and non-current assets is the balance of Loan of HK\$640,333,000 (2024: HK\$651,370,000), for which no ECL allowance was recognised. The Loan is interest bearing and had an original maturity date of 30 September 2023. On 31 July 2024, pursuant to the Deed, the maturity date of the Loan was extended to 30 November 2027 and accordingly portion of the Loan was classified as non-current assets. Also, pursuant to the Deed the Indemnifiers has jointly agreed to indemnify Tin Fok against all and any sums owed to Tin Fok under the Loan. Details of the Deed have been set out in note 4(a).
- (ii) As at 31 July 2025, included in the non-current assets of Tin Fok Group is property, plant and equipment in respect of hotel operations amounted HK\$557,865,000 (2024: HK\$584,321,000). As at 31 July 2025 and 2024, the management of Tin Fok and the management of the Group considered there was no impairment indication of property, plant and equipment in respect of hotel operations of Tin Fok.

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Net assets attributable to owners of Tin Fok	516,186	500,923
Proportion of the Group's ownership interest in Tin Fok	32.5%	32.5%
	<u>167,761</u>	<u>162,800</u>
Goodwill	2,362	2,362
	<u>170,123</u>	<u>165,162</u>
Carrying amount of the Group's interest in Tin Fok	<u>170,123</u>	<u>165,162</u>

12 TRADE AND OTHER RECEIVABLES

The hotel revenue is normally settled by cash or credit card. The Group allows an average credit period of 30 days to certain of its customers of hotel business. The following is an aged analysis of trade receivables, presented based on invoice date:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables:		
0 to 30 days	243	243
31 to 60 days	9	38
61 to 90 days	2	38
91 days or above	390	339
	<u>644</u>	<u>658</u>
Prepayments and deposits	2,931	3,395
Other receivables	6,512	8,870
	<u>10,087</u>	<u>12,923</u>

As at 1 August 2023, trade receivables with customers amounted to HK\$802,000.

Before granting credit term to new trade customer of hotel business, the Group assesses the potential customer's credit quality by investigating the customer's historical credit record and then defines the credit limit of that customer. Trade receivables are not impaired at the end of the reporting period and the Group believes that the amounts are recoverable. The Group does not hold any collateral over these balances.

13 AMOUNT DUE FROM AN ASSOCIATE

The balance at the end of the reporting period is unsecured, non-interest bearing, non-trade in nature and repayable on demand.

14 TRADE AND OTHER PAYABLES

The average credit period on purchases of goods is 30 to 120 days. An aged analysis of trade payables based on invoice date is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables:		
0 to 30 days	57	108
31 to 60 days	21	28
61 to 90 days	15	8
91 days or above	35	156
	128	300
Accruals	3,339	2,057
Other payables	9,814	12,852
	13,281	15,209

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The below sections set out an extract of the report by Baker Tilly Hong Kong Limited, the auditor of the Company, regarding the Group’s consolidated financial statements for the year ended 31 July 2025.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 July 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Our opinion on the financial statements of the Company for the year ended 31 July 2024 was qualified because we were unable to obtain sufficient appropriate audit evidence regarding the opening balances of interest in an associate and the amount due from and dividend receivables from an associate (collectively the “Receivables”) as at 1 August 2023 and the consequential effect on the share of profit of the associate and the expected credit losses (“ECL”) allowance on the Receivables for the year ended 31 July 2024. Consequently, we were unable to determine whether adjustments might have been necessary in respect of the comparative information for the year ended 31 July 2025 included in these consolidated financial statements.

Accordingly, our opinion on the current year’s consolidated financial statements is qualified solely because of the possible effects of this matter on the share of profit of an associate and the ECL allowance on the Receivables for the year ended 31 July 2024.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about share of profit of an associate and the ECL allowance on the Receivables for the year ended 31 July 2024. Accordingly, we are unable to conclude whether or not the other information in the directors' report is materially misstated with respect to this matter.

REPORT ON OTHER MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In accordance with the Hong Kong Companies Ordinance, we have the following matters to report. In our opinion in respect alone of the inability to obtain sufficient appropriate audit evidence regarding share of profit of an associate and the ECL allowance on the Receivables for the year ended 31 July 2024 as described in the Basis for Qualified Opinion section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and
- we have not obtained all the information and explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

REVIEW OF THE RESULTS

The Group reported gross proceeds of approximately HK\$487.4 million for the year ended 31 July 2025 (2024: HK\$122.7 million), which comprised gross proceeds from sales of properties of HK\$11.9 million (2024: HK\$15.2 million), consumer finance service of HK\$28.6 million (2024: HK\$27.3 million), hotel operations of HK\$12.9 million (2024: HK\$13.9 million) and sales of securities and other business segments totaling HK\$434.1 million (2024: HK\$66.3 million).

Loss for the year attributable to owners of the Company for the year ended 31 July 2025 was HK\$13.9 million (2024: profit of HK\$5.6 million).

The turnaround from profit to loss in the year ended 31 July 2025 was mainly attributable to (i) decrease of share of profit of an associate from HK\$20.3 million for the year ended 31 July 2024 to HK\$5.0 million resulting from decrease in revenue of and fair value of investment properties held by the associate; and (ii) increase in depreciation of property, plant and equipment by over HK\$2.5 million following the renovation of the Group's hotel properties.

DIVIDEND

The Directors do not recommend the payment of any dividends for the year ended 31 July 2025.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to be liquid. At 31 July 2025, the Group had bank balances and cash of HK\$47.8 million (2024: HK\$175.7 million) mainly in Hong Kong dollars and Renminbi and marketable securities totalling HK\$256.7 million (2024: HK\$99.8 million).

Other than the overdraft on brokers' account of approximately HK\$2.8 million (2024: Nil) that were secured by marketable securities under margin financing and corporate credit card payable classified as "other payable", there were no bank and other borrowings outstanding at 31 July 2025 (2024: Nil).

The Group's gearing ratio, expressed as a percentage of the Group's total liabilities over the shareholders' funds, was 8.4 % at 31 July 2025 (2024: 4.9%).

EXCHANGE RATE EXPOSURE

The assets and liabilities and transactions of several major subsidiaries of the Group are principally denominated in Renminbi or Hong Kong dollars pegged currencies, which expose the Group to foreign currency risk and such risk has not been hedged. It is the Group's policy to monitor such exposure and to use appropriate hedging measures when required.

BUSINESS REVIEW

For the year ended 31 July 2025, the principal activities of the Group are property development, hotel operation, consumer finance, financial investment and related activities.

Property investment and development

Sales activities of the residential project alongside Hotel Fortuna, Foshan, the People's Republic of China ("PRC") continue and revenue from sales of property amounting to HK\$11.9 million (2024: HK\$15.2 million) has been recognised for the year ended 31 July 2025. The unsold saleable floor area of approximately 4.3% of this highrise residential development, which mainly attributable to approximately 140 car park space, is expected to further contribute to the Group's revenue in the near term.

Hotel operation

The Group has a 75% effective interest in Hotel Fortuna, Foshan with over 400 rooms located at Le Cong Zhen, Shun De District, Foshan, the PRC. During the year ended 31 July 2025, the hotel recorded a slight decline in occupancy rate to approximately 21.1% (2024: 24.0%) and a turnover of approximately HK\$12.9 million in compared to turnover of approximately HK\$13.9 million in the year ended 31 July 2024.

The Group also holds a 32.5% interest in Hotel Fortuna, Macau through Tin Fok Holding Company Limited, an associated company of the Group. The hotel's recorded occupancy rate of approximately 97.1% (2024: 97.7%) and turnover of approximately HK\$187.9 million during the year in compared to approximately HK\$231.2 million in 2024.

Consumer finance

The Group has involved in consumer finance sector in Hong Kong through self-developed online platform with AI credit risk modeling. During the year, the loans recorded interest income of HK\$28.6 million (2024: HK\$27.3 million).

(I) The business model, credit approval and risk assessment policy

The service consists of the provision of unsecured consumer finance to Hong Kong permanent resident through a self-developed online consumer lending software. The Group promotes such service mainly through internet and individual customers can apply for the service through a mobile app which is publicly available. Approval status, due date reminder and other notification will be sent to user through the mobile app while user can submit repayments and check their loan status through the app as well. As the money lending service targets a large population, and the loans are unsecured, hence, a certain level of loss resulting from risk of default is expected. Such default risk is reflected in the interest rate charged as to cover the potential loss from default.

It is the Group's policy that potential borrowers are subject to background check and credit rating procedures before the approval and grant of the loan. Background check includes verification of identity, home and office addresser, and proof of income of the potential borrowers based on documents and information provided. The Group has a specific team to check and verify the information provided by the potential borrowers. After verification, such information will be processed by the Group's self-developed AI credit risk model to determine whether a loan will be granted. The self-developed AI credit risk model will assign scores to each of the potential borrowers, which is based on information provided by the borrowers, including income, employment status and accommodation type. For recurring borrowers, their historical repayment records will also be considered. An overall credit score will be determined and for eligible applicant, the loan amount, credit period and interest rate applicable will be generated based on the credit score. Our senior loan operation officers will review such results and contact the potential borrower for further procedures if the acceptable loan and credit period matched with the application.

Borrower who has not made any repayment or with any late installment payment record, is not eligible to apply for any reloan. For borrower who has repaid a certain percentage of principal with a good record of timely repayment, a reloan option will become available in the app. Such user may apply for a reloan to settle the outstanding principal of the original loan and the remaining balance of the reloan will be transferred to the borrowers' bank accounts. All reloan applications are subjected to independent approval procedures separately from the original loan.

Our senior loan operation officers will continuously monitor the repayment status of the borrowers through the self-developed online consumer lending software on a daily basis. For customers who fail to make repayment on time, the self-developed online consumer lending software will automatically send notification to them through the app and SMS on the day after the due date of the repayment. Our senior loan operation officers will also send email notification and make follow-up phone calls to these customers on the same day. If there were still no response from the customers to the above actions, a formal written repayment notice will be sent by post to the customers' registered postal address on the second day after the due date. On the sixth day after the due date, a final reminder will be sent to the customers' registered emails. If there were still no repayments or any feedback from the customers, another written notice will be sent by post on the seventh day after the due date and the outstanding amount will be passed to external debt collector.

(II) Loan size and portfolio

As at 31 July 2025, the consumer finance business has approximately 2,900 users (2024: approximately 3,000 users) and maintained a net loan portfolio of HK\$58.8 million as at 31 July 2025 (2024: HK\$65.1 million) with loans to individual users ranging from HK\$2,000 to HK\$300,000 (2024: HK\$2,000 to HK\$300,000) with credit period up to 43 months (2024: 40 months). The receivables are unsecured and carry interest at fixed rate ranged from 4% to 47% (2024: 4% to 45%) which is determined based on factors including loan term, principal amount and credit history of individual customer. Loan granted to approximately 72% (2024: 73%) of the customers are with principal amount of HK\$40,000 or below and approximately 72% (2024: 74%) with credit period of 18 months or less.

The following table shows the percentage of customers by principal amount, credit period and interest rate:

	% of user	
	2025	2024
Principal amount:		
Below HK\$20,000	33.7%	33.2%
Below HK\$40,000 but over HK\$20,000	38.4%	39.7%
Below HK\$80,000 but over HK\$40,000	26.6%	26.0%
Below HK\$300,000 but over HK\$80,000	1.3%	1.1%
	100.0%	100.0%
Credit period:		
6 months or less	9.3%	8.9%
12 months or less but over 6 months	25.7%	26.0%
18 months or less but over 12 months	37.2%	39.1%
24 months or less but over 18 months	18.1%	16.5%
40 months or less but over 24 months	9.7%	9.5%
	100.0%	100.0%
Interest rate:		
Below 35%	0.2%	0.8%
Below 40% but over 35%	15.5%	40.4%
Below 45% but over 40%	84.2%	58.8%
Below 50% but over 45%	0.1%	0.0%
	100.0%	100.0%

The Group has no concentration risk on the receivables from customers of consumer finance. Gross receivable from the largest borrower and the five largest borrowers in aggregate, are below 1% of the net loan portfolio as at 31 July 2025 and 31 July 2024.

(III) Basis of loan impairments assessment and analysis

Impairment losses under expected credit loss model on receivables amounting to HK\$8.5 million (2024: HK\$9.4 million) was recorded during the year. According to the Group's lending business loan impairment policy, customers defaulting in repayment for over 21 days are considered as credit-impaired, and full provision on the amount outstanding will be made. Receivables from customers that is not credit-impaired are assessed on a collective basis as these customers share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The provision rates applied to receivable from these customers are based on the Group's historical default rates over the expected life of the receivables and forward-looking information that is reasonable and supportable available without undue costs or effort. The

decrease in impairment losses was due to the decrease in loan portfolio and improvement in credit control as a result of optimisation of our inhouse credit risk model. The management is dedicated to refining the AI credit risk model as to achieve an equilibrium between credit risk and return and maximizing interest income from the operation.

Financial investments

The Group continues its securities investment as one of its principal activities and in the ordinary and usual course of business. Its strategy is to maintain a diversified portfolio of marketable securities for effective treasury and risk management. The Group will continue to invest its surplus funds in marketable securities with attractive return and satisfactory rating, including debt securities, money market fund and derivatives instruments. The investment portfolio, under close monitoring by the management, is expected to generate stable income and can be liquidated swiftly to support the Group's operations and cash requirements when needed.

As at 31 July 2025, the Group's investment portfolio of financial assets at fair value through profit and loss consisted of listed equity securities of HK\$134.4 million (2024: HK\$32.7 million), debt securities of HK\$107.3 million (2024: HK\$67.2 million) and money market fund of HK\$15.0 million (2024: Nil).

Listed equity securities of HK\$134.4 million (2024: HK\$32.7 million), representing approximately 52.4% (2024: 32.7%) of the investment portfolio, consist of 8 equity securities (2024: 1 equity securities) of which 6 equity securities (2024: 1 equity securities) are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and 2 equity securities (2024: Nil) on the New York Stock Exchange. The mark to market valuation of the largest single equity security within the portfolio represents approximately 4.3% (2024: 4.0%) of the Group's total assets, and that of the five (2024: one) largest equity securities held represents approximately 13.2% (2024: 4.0%). The remaining 3 equity securities held as at 31 July 2025 represent 2.9% of the Group's total assets, each ranging from 0.7% to 1.2%. Approximately 61.2% (2024: 100.0%) of the equity securities are constituents of the Hang Seng Index.

During the year, the equity portfolio gave rise to a net fair value gain of HK\$23.7 million (2024: loss of HK\$1.5 million) and dividend income of HK\$3.7 million (2024: HK\$0.3 million).

As at 31 July 2025, the Group had 8 listed (2024: 3) and 1 unlisted (2024: 1) debt securities representing approximately 41.8% (2024: 67.3%) of the investment portfolio. The mark to market valuation of the largest single debt security within the portfolio represents approximately 2.9% (2024: 3.5%) of the Group's total assets, and that of the five (2024: four) largest debt securities held represents approximately 10.3% (2024: 8.3%) of the Group's total assets. The remaining 4 debt securities held as at 31 July 2025, represent 2.6% of the Group's total assets, each ranging from 0.0% to 1.32%. Approximately 73.7% (2024: 76.6%) of these debt securities are related to the banking industry.

During the year, the debts portfolio gave rise to a net fair value loss of HK\$8.4 million (2024: HK\$5.1 million) and interest income of HK\$7.5 million (2024: HK\$7.2 million).

As at 31 July 2025, the Group held money market fund of HK\$15.0 million (2024: Nil) representing approximately 5.9% (2024: Nil) of the investment portfolio. The mark to market valuation of the money market fund representing approximately 1.8% (2024: Nil) of the Group's total assets and gave rise to a fair value gain of HK\$0.1 million (2024: Nil) during the year.

The Group also entered into certain derivative contracts during the year in relation to the listed equity securities held by the Group. As at 31 July 2025, the Group has derivative assets of HK\$0.8 million (2024: Nil) and derivative liabilities of HK\$22.0 million (2024: Nil), and recorded a fair value loss of HK\$21.3 million for the year (2024: Nil).

DETAILS OF THE QUALIFIED OPINION

The consolidated financial statements of the Group for the year ended 31 July 2024 were audited by and had been subject to qualified opinion of Baker Tilly Hong Kong Limited, the independent auditor of the Company (the "Auditor").

The qualifications for the year ended 31 July 2024 are only to the extent of the possible effects on the comparative financial information and the opening balances of interest in an associate and amount due from and dividend receivable from an associate (collectively the "Receivables") as at 1 August 2023, and the consequential effect on the share of profit of an associate and the expected credit loss ("ECL") allowance on the Receivables for the year ended 31 July 2024.

Consequently, the Auditor was unable to determine whether adjustments might have been necessary in respect of the comparative information for the year ended 31 July 2025 included in these consolidated financial statements.

The Auditor qualified their opinion on the consolidated financial statements of the Group for the year ended 31 July 2025 (the "Qualified Opinion") solely because of the possible effects of this matter on the share of profit of an associate and the ECL allowance on the Receivables for the year ended 31 July 2024.

View of Management and Audit Committee on the Qualified Opinion

The management and the Audit Committee of the Company are of the view that the Qualified Opinion is only consequential audit qualifications on comparative financial information and all qualifications on the matter should be fully removed for the financial year ending 31 July 2026. The Auditor has confirmed that they concur with this view of the Management and the Audit Committee.

CONTINGENT LIABILITIES

At 31 July 2025, the Group provided guarantees of approximately HK\$3.1 million (2024: HK\$9.8 million) to banks in respect of mortgage loans provided by the banks to purchasers of the Group's developed properties. These guarantees will be released when the building ownership certificates are issued and pledged by the purchasers with the banks for the mortgage loans granted. The Directors consider that the fair value of such guarantees on initial recognition was insignificant. The Directors also consider that the fair value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group in the event the purchasers default payments to the banks.

CAPITAL COMMITMENT

As at 31 July 2024, the Group had capital commitments of approximately HK\$4,954,000 in relation to renovation works for the hotel operations. The Group has no capital commitment as at 31 July 2025.

EMPLOYEES

The Group offers its employees competitive remuneration packages to commensurate with their experience, performance and job nature, which include basic salary, bonuses, share options, medical scheme, retirement and other benefits.

At 31 July 2025, the Group had approximately 95 employees of whom approximately 65 employees were stationed in Mainland China. Total staff remuneration incurred for the year ended 31 July 2025 amounted to approximately HK\$27.1 million (2024: HK\$23.7 million).

PROSPECTS

Although the general economic activity is still below pre-covid-19 level, especially for the hotel and properties sectors in mainland China, the Group maintained a healthy financial position.

Certain renovation works at Hotel Fortuna, Foshan as to refresh the hotel facilities was completed during the year. Such renovation may have brought pressure to the hotel's business but is expected to improve the competitiveness of the hotel as to cope with the challenging market in Foshan area and further bust up the occupancy rate in the long run. The management remains cautiously optimistic towards the hotel business in Asia and will strive for growth in this area.

On 6 February 2025, the Company entered into a placing agreement with a placing agent to place 38,865,000 new shares on a best effort basis at a placing price of HK\$0.267 per share (the "Placing"). The Placing was completed on 28 February 2025 and the number of shares in issue of the Company was increased to 233,202,559 shares. The Placing has further strengthened the financial position of the Group and broadened its capital base. The net proceeds of approximately HK\$10.0 million successfully raised will be used for the operations, business and as general working capital of the Group.

The Board will continue to closely monitor the global economies development, formulate strategies and plans to utilise its resources effectively and capture viable business opportunities to maintain sustainable long term growth of the Group.

PLEDGE OF ASSETS

Bank deposit of HK\$655,000 (2024: HK\$652,000) was pledged to banks to secure credit facilities to the extent of HK\$600,000 (2024: HK\$600,000) granted to the Group, whereas none (2024: HK\$1,000) of which were utilised by the Group.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

In order to attain a high standard of corporate governance, the Company is committed to continuously adopting and improving effective measures and practices to achieve a high level of transparency and accountability in the interests of its shareholders.

During the year ended 31 July 2025, the Company complied with all applicable provisions of the Corporate Governance Code (the “Code”) as set out in Appendix C1 of the Listing Rules.

MODEL CODES FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard as set out in the Model Code for the year.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 July 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 24 October 2025. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with the Code. The Audit Committee comprises Mr. Hung Ka Hai, Clement (Chairman), Mr. Yeung Wai Hung, Peter and Mr. Wong Kwong Fat, all of whom are independent non-executive directors.

The principal functions of the Audit Committee include the review and supervision of the Group’s reporting process and internal controls.

During the year, the Audit Committee held five meetings and performed the following duties:

1. reviewed and commented on the Company’s draft annual and interim financial reports;
2. reviewed and commented on the Group’s internal controls; and
3. met with the external auditor and participate in the re-appointment and assessment of the performance of the external auditor.

The Audit Committee has reviewed the audited results of the Group for the year ended 31 July 2025.

By Order of the Board
Capital Estate Limited
Chu Nin Yiu, Stephen
Chief Executive Officer

Hong Kong, 24 October 2025

As at the date of this announcement, the Board comprises Ms. Sio Lai Na, Mr. Chu Nin Yiu, Stephen, as executive directors, Ms. Sio Lai Nga as non-executive director, and Mr. Hung Ka Hai, Clement, Mr. Yeung Wai Hung, Peter and Mr. Wong Kwong Fat as independent non-executive directors.