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ALTUS .
ALTUS HOLDINGS LIMITED
浩德控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8149)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2022**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Altus Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (collectively referred to as the “**Group**”) recorded an unaudited revenue of approximately HK\$13.1 million for the three months ended 31 December 2022 (“**3Q FY2023**”) representing a decrease of approximately 11.5% when compared with approximately HK\$14.8 million for the three months ended 31 December 2021 (“**3Q FY2022**”). In terms of nine-month period, unaudited revenue was HK\$37.8 million for the nine months from 1 April to 31 December 2022 (“**YTD Dec 2022**”), which was approximately 7.0% lower when compared with approximately HK\$40.7 million for the nine months from 1 April to 31 December 2021 (“**YTD Dec 2021**”).

The aforesaid decreases in revenue were principally due to lower revenue from proprietary investments activities. The weakening of JPY during the periods affected JPY-denominated rental income of the Group from its Japanese property portfolio when translated into the HK\$ reporting currency.

- The Group recorded reported and underlying net profit^(Note) of approximately HK\$6.4 million and HK\$7.4 million in YTD Dec 2022 respectively compared with both reported and underlying net profit of approximately HK\$6.2 million in YTD Dec 2021.

Underlying net profit was higher in YTD Dec 2022 compared with YTD Dec 2021 due mainly to lower property expenses and lower staff cost recorded in YTD Dec 2022. A net decrease in fair value of investment property of HK\$1.0 million was recorded during YTD Dec 2022 while no such changes was recorded during YTD Dec 2021.

- For YTD Dec 2022, the reported basic and diluted earnings per share were approximately HK0.75 cent and HK0.74 cent respectively whereas the underlying basic and diluted earnings per share were both approximately HK0.87 cent. For YTD Dec 2021, the underlying and reported basic and diluted earnings per share were HK0.70 cent and HK0.69 cent respectively^(Note).
- The Directors do not recommend the payment of any interim dividend for 3Q FY2023.

Note: Underlying net profit excludes the fair value changes of investment properties and the related deferred taxation charged.

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for 3Q FY2023 and YTD Dec 2022, together with the comparative unaudited figures for 3Q FY2022 and YTD Dec 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT FOR YTD DEC 2021 AND YTD DEC 2022

		3Q FY2023 (Unaudited) <i>HK\$'000</i>	3Q FY2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2021 (Unaudited) <i>HK\$'000</i>
	<i>Notes</i>				
Revenue	3	13,142	14,845	37,807	40,665
Other income	5	87	140	580	199
Net decrease in fair value of investment property		-	-	(1,000)	-
Changes in fair value of derivative financial liabilities		4	4	28	31
Property expenses		(2,294)	(3,024)	(7,383)	(9,434)
Administrative and operating expenses		(4,404)	(7,339)	(17,615)	(18,780)
Share of results of an associate		(10)	(21)	18	2
Finance costs	6	(1,166)	(964)	(3,099)	(3,176)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit before tax		5,359	3,641	9,336	9,507
Income tax expense	7	(1,118)	(1,164)	(2,894)	(3,288)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit for the period	8	<u>4,241</u>	<u>2,477</u>	<u>6,442</u>	<u>6,219</u>
Profit for the period attributable to:					
Owners of the Company		3,952	2,326	6,031	5,625
Non-controlling interests		289	151	411	594
		<hr/>	<hr/>	<hr/>	<hr/>
		<u>4,241</u>	<u>2,477</u>	<u>6,442</u>	<u>6,219</u>

		3Q FY2023 (Unaudited) <i>HK cent</i>	3Q FY2022 (Unaudited) <i>HK cent</i>	YTD Dec 2022 (Unaudited) <i>HK cent</i>	YTD Dec 2021 (Unaudited) <i>HK cent</i>
	<i>Notes</i>				
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)					
- Basic	<i>10</i>	0.49	0.29	0.75	0.70
- Diluted	<i>10</i>	0.49	0.29	0.74	0.69
Earnings per share excluding the net effect of fair value changes in investment property and the related deferred taxation charged (underlying earnings per share)					
- Basic	<i>10</i>	0.49	0.29	0.87	0.70
- Diluted	<i>10</i>	0.49	0.29	0.87	0.69

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR YTD DEC 2021 AND YTD DEC 2022**

	3Q FY2023 (Unaudited) <i>HK\$'000</i>	3Q FY2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2021 (Unaudited) <i>HK\$'000</i>
Profit for the period	4,241	2,477	6,442	6,219
Other comprehensive income (expense) for the period				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	28,842	(10,828)	(26,267)	(13,499)
Share of translation reserve of an associate	3	–	1	–
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
Change in fair value of financial assets at fair value through other comprehensive income (“FVTOCI”)	64	22	(19)	(134)
Other comprehensive income (expense) for the period	28,909	(10,806)	(26,285)	(13,633)
Total comprehensive income (expense) for the period	<u>33,150</u>	<u>(8,329)</u>	<u>(19,843)</u>	<u>(7,414)</u>
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	31,709	(8,108)	(20,984)	(7,840)
Non-controlling interests	1,441	(221)	1,141	426
	<u>33,150</u>	<u>(8,329)</u>	<u>(19,843)</u>	<u>(7,414)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YTD DEC 2022

	Attributable to owners of the Company											
	Share capital <i>HK\$'000</i>	Share premium <i>(note (i))</i> <i>HK\$'000</i>	Treasury stock <i>HK\$'000</i>	Other reserve <i>(note (ii))</i> <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Shareholder contribution <i>(note (iii))</i> <i>HK\$'000</i>	Share awards reserve <i>(note (iv))</i> <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2022 (audited)	8,068	73,313	(22)	98,819	(634)	11,319	322	(52,195)	287,166	426,156	14,454	440,610
Profit for the period	-	-	-	-	-	-	-	-	6,031	6,031	411	6,442
Other comprehensive income (expenses) for the period:												
Change in fair value of financial assets at FVTOCI	-	-	-	-	(19)	-	-	-	-	(19)	-	(19)
Share of translation reserves of associates	-	-	-	-	-	-	-	1	-	1	-	1
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(26,997)	-	(26,997)	730	(26,267)
	-	-	-	-	(19)	-	-	(26,996)	-	(27,015)	730	(26,285)
Total comprehensive income (expense) for the period	-	-	-	-	(19)	-	-	(26,996)	6,031	(20,984)	1,141	(19,843)
Share repurchased and cancelled	(1)	(21)	22	-	-	-	-	-	-	-	-	-
Vested shares for shares award	11	152	-	-	-	-	(163)	-	-	-	-	-
Share based payments	-	-	-	-	-	-	857	-	-	857	-	857
Dividend paid to non-controlling shareholders <i>(note 9)</i>	-	-	-	-	-	-	-	-	-	-	(94)	(94)
At 31 December 2022 (unaudited)	<u>8,078</u>	<u>73,444</u>	<u>-</u>	<u>98,819</u>	<u>(653)</u>	<u>11,319</u>	<u>1,016</u>	<u>(79,191)</u>	<u>293,197</u>	<u>406,029</u>	<u>15,501</u>	<u>421,530</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YTD DEC 2021

	Attributable to owners of the Company										
	Share capital <i>HK\$'000</i>	Share premium <i>(note (i)) HK\$'000</i>	Other reserve <i>(note (ii)) HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Shareholder contribution <i>(note (iii)) HK\$'000</i>	Share awards reserve <i>(note (iv)) HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2021 (audited)	8,034	72,431	98,819	(492)	11,319	210	(20,873)	280,186	449,634	14,529	464,163
Profit for the period	-	-	-	-	-	-	-	5,625	5,625	594	6,219
Other comprehensive (expenses) income for the period:											
Change in fair value of financial assets at FVTOCI	-	-	-	(134)	-	-	-	-	(134)	-	(134)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(13,331)	-	(13,331)	(168)	(13,499)
	-	-	-	(134)	-	-	(13,331)	-	(13,465)	(168)	(13,633)
Total comprehensive (expense) income for the period	-	-	-	(134)	-	-	(13,331)	5,625	(7,840)	426	(7,414)
Share repurchased and cancelled	(6)	(95)	-	-	-	-	-	-	(101)	-	(101)
Vested shares for shares award	7	123	-	-	-	(130)	-	-	-	-	-
Share based payments	-	-	-	-	-	1,088	-	-	1,088	-	1,088
Dividend paid to non-controlling shareholders <i>(note 9)</i>	-	-	-	-	-	-	-	-	-	(108)	(108)
At 31 December 2021 (unaudited)	<u>8,035</u>	<u>72,459</u>	<u>98,819</u>	<u>(626)</u>	<u>11,319</u>	<u>1,168</u>	<u>(34,204)</u>	<u>285,811</u>	<u>442,781</u>	<u>14,847</u>	<u>457,628</u>

Notes:

- (i) Share premium represents (i) the difference between the shareholders' contribution and the issued capital; (ii) the difference between the consideration paid for repurchase of shares of the Company and the reduction of share capital; and (iii) the difference between the increase in share capital and the deduction of share awards reserve at the date of shares being vested. The share premium is distributable.
- (ii) Other reserve mainly includes (i) the difference between the nominal value of the issued share capital of the Company and its subsidiaries and the net assets value of the subsidiaries of the Group, upon completion of the group reorganisation on 26 September 2016; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received arising from changes in the ownership interests of the Group in existing subsidiaries that do not result in the loss of control and they are accounted for as equity transactions.
- (iii) Amounts represent the employee benefits borne by the ultimate holding company, Kinley-Hecico Holdings Limited ("KHHL"), who entered into the option deeds with two executive directors of the Company, as the grantees, on 4 March 2016. Pursuant to the option deeds, in consideration of HK\$1.00 paid by each grantee, the ultimate holding company granted share options to the grantees, which would entitle the grantees to purchase the share of the Company in aggregate of 37,800,000 shares held by the ultimate holding company. The estimated fair value of the options granted on the grant date was HK\$11,319,000. All share options were exercised.
- (iv) Amounts represent the employee benefits for the purpose of recognising and rewarding their contribution, which are borne by the Company.

1. GENERAL

The Company was incorporated as an exempted company with limited liability on 11 November 2015 in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange on 17 October 2016. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is located at 21 Wing Wo Street, Central, Hong Kong.

The Company is engaged in investment holding and its major operating subsidiaries are mainly engaged in the provision of corporate finance and other consultancy services and proprietary investments in properties and securities. Its subsidiaries invest in Japan properties by entering into Japanese tokumei kumiai arrangements (“**TK Agreements**”) as a tokumei kumiai investor with Japanese limited liability companies known as tokumei kumiai operators, which are the property holding companies.

The ultimate holding company is KHHL, a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability. KHHL is deemed to be interested in the Company through its wholly-owned subsidiary, Flying Castle Limited. KHHL is ultimately controlled by two parties, Ms. Chan Kit Lai, Cecilia (“**Ms. Chan**”) and Landmark Trust Switzerland SA (the “**Trustee**”), which the beneficiaries of the trust are Mr. Arnold Ip Tin Chee (“**Mr. Ip**”) and Ms. Lam Ip Tin Wai Chyvette (“**Ms. Ip**”).

The condensed consolidated financial statements of the Group for YTD Dec 2022 (the “**Unaudited Condensed Consolidated Financial Statements**”) are unaudited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”). The Unaudited Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 6 February 2023.

The Unaudited Condensed Consolidated Financial Statements are presented in Hong Kong dollars (“**HK\$**”) which is same as the functional currency of the Company. Other than those subsidiaries incorporated in Japan, whose functional currency is Japanese Yen (“**JPY**”), the functional currency of the Company and other subsidiaries is HK\$.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL INFORMATION

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting and Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the Unaudited Condensed Consolidated Financial Statements include applicable disclosure required by the GEM Listing Rules. The Unaudited Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial information for the year ended 31 March 2022 (the “**2022 Financial Information**”). The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2022 Financial Information except for the adoption of new or revised HKFRSs issued by the HKICPA, which are effective for the financial year of the Group beginning on 1 April 2022.

The Group has not adopted ahead of the effective date any new and revised HKFRSs that have been issued by the HKICPA.

The Unaudited Condensed Consolidated Financial Statements have been prepared on the historical cost basis except for financial instruments and investment properties that are measured at fair values.

(i) **Adoption of amendments to HKFRSs**

Adoption of amendments to HKFRSs effective on 1 April 2022

In YTD Dec 2022, the Group has applied, for the first time, the following new and amendments to HKFRSs, which include HKFRS, HKAS, amendments and interpretations, issued by the HKICPA.

<i>Amendments to HKFRS 3</i>	<i>Reference to the Conceptual Framework</i>
<i>Amendments to HKAS 16</i>	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
<i>Amendments to HKAS 37</i>	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Amendments to HKFRSs</i>	<i>Annual Improvements to HKFRSs 2018 – 2020 cycle</i>

The application of the above amendments to HKAS and HKFRS in YTD Dec 2022 has had no material effect on the amounts reported in these Unaudited Condensed Consolidated Financial Statements and/or on the disclosures set out in these Unaudited Condensed Consolidated Financial Statements.

3. REVENUE

Revenue represents revenue arising from provision of corporate finance and other consultancy services and leasing of investment properties during the periods. An analysis of revenue of the Group for the period is as follows:

	3Q FY2023 (Unaudited) HK\$'000	3Q FY2022 (Unaudited) HK\$'000	YTD Dec 2022 (Unaudited) HK\$'000	YTD Dec 2021 (Unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by the major services line:				
Corporate finance and other consultancy services income	5,467	5,847	14,475	12,924
Revenue from other source				
Rental income for investment properties under operating leases – fixed lease payments (<i>Note</i>)	7,675	8,998	23,332	27,741
	13,142	14,845	37,807	40,665

Revenue generated from corporate finance services for YTD Dec 2022 and YTD Dec 2021 are recognised over time.

Note: An analysis of net rental income of the Group is as follows:

	3Q FY2023 (Unaudited) HK\$'000	3Q FY2022 (Unaudited) HK\$'000	YTD Dec 2022 (Unaudited) HK\$'000	YTD Dec 2021 (Unaudited) HK\$'000
Gross rental income from investment properties	7,675	8,998	23,332	27,741
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	(2,294)	(3,024)	(7,383)	(9,434)
Net rental income	5,381	5,974	15,949	18,307

Transaction price allocated to the remaining performance obligations

As at 31 December 2022, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK\$1.8 million (31 December 2021: approximately HK\$5.3 million). The amount represents revenue expected to be recognised in the future from various mandates. The Group will recognise this revenue when the service is rendered and completed. As evaluated by the management, revenue of approximately HK\$1.8 million and nil (31 December 2021: approximately HK\$5.3 million and nil) are expected to be recognised within 1 year and after 1 year respectively.

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker (the “CODM”), being the Directors, for the purpose of resource allocation and assessment of segment performance focuses on type of services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the reportable and operating segments of the Group are as follows:

- (i) Advisory and consulting – provision of corporate finance services including sponsorship, financial advisory, compliance advisory, equity capital market consulting, special situations consulting and investment consulting services; and
- (ii) Proprietary investments – leasing of investment properties for residential and commercial use and derives rental income therefrom and holding of a portfolio of securities for dividend income and aims for capital gain.

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

	3Q FY2023			3Q FY2022		
	Advisory and consultancy (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Advisory and consultancy (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
REVENUE						
External revenue and segment revenue	<u>5,467</u>	<u>7,675</u>	<u>13,142</u>	<u>5,847</u>	<u>8,998</u>	<u>14,845</u>
RESULT						
Segment profit	<u>3,990</u>	<u>4,275</u>	<u>8,265</u>	<u>2,700</u>	<u>4,851</u>	7,551
Other income and expenses, net			(2,292)			(3,631)
Share of results of an associate			(10)			(21)
Finance costs			<u>(604)</u>			<u>(258)</u>
Profit before tax			<u>5,359</u>			<u>3,641</u>

	YTD Dec 2022			YTD Dec 2021		
	Advisory and consultancy (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Advisory and consultancy (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
	REVENUE					
External revenue and segment revenue	<u>14,475</u>	<u>23,332</u>	<u>37,807</u>	<u>12,924</u>	<u>27,741</u>	<u>40,665</u>
RESULT						
Segment profit <i>(Note)</i>	<u>8,609</u>	<u>11,867</u>	<u>20,476</u>	<u>5,185</u>	<u>15,100</u>	20,285
Other income and expenses, net			(9,885)			(9,805)
Share of results of an associate			18			2
Finance costs			<u>(1,273)</u>			<u>(975)</u>
Profit before tax			<u>9,336</u>			<u>9,507</u>

Note: A decrease in fair value of investment property of HK\$1.0 million had been included in the segment profit of proprietary investments during YTD Dec 2022 (YTD Dec 2021: nil).

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment profit represents the profit earned generated by each segment without allocation of central administration costs, directors' emoluments, certain other income, share of results of an associate and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Breakdown of revenue by services:

A breakdown of the revenue by services of the Group under advisory and consulting and proprietary investments segments is as follows:

	3Q FY2023 (Unaudited) HK\$'000	3Q FY2022 (Unaudited) HK\$'000	YTD Dec 2022 (Unaudited) HK\$'000	YTD Dec 2021 (Unaudited) HK\$'000
Advisory and consulting				
Sponsorship services	–	571	2,022	1,941
Financial advisory services	2,248	4,720	7,263	9,501
Compliance advisory services	548	248	1,803	754
Other corporate finance services	<u>2,671</u>	<u>308</u>	<u>3,387</u>	<u>728</u>
	<u>5,467</u>	<u>5,847</u>	<u>14,475</u>	<u>12,924</u>
Proprietary investments				
Rental income	<u>7,675</u>	<u>8,998</u>	<u>23,332</u>	<u>27,741</u>
	<u>13,142</u>	<u>14,845</u>	<u>37,807</u>	<u>40,665</u>

5. OTHER INCOME

	3Q FY2023 (Unaudited) <i>HK\$'000</i>	3Q FY2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2021 (Unaudited) <i>HK\$'000</i>
Bank interest income	38	1	40	5
Dividend income from financial assets at FVTOCI	–	–	59	55
Reversal of impairment loss of trade receivables, net ^(Note 1)	9	139	18	139
Others ^(Note 2)	40	–	463	–
	<u>87</u>	<u>140</u>	<u>580</u>	<u>199</u>

Notes:

- The amounts of HK\$9,000 during 3Q FY2023 and HK\$18,000 during YTD Dec 2022 represent the recovery of fully impaired lease-related trade receivables in respect of property investment activities.
- The amount represents government grants in respect of Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund (the “**Employment Support Scheme**”). The Group fulfilled all conditions attached to the subsidies and recognised the amount as other income.

6. FINANCE COSTS

	3Q FY2023 (Unaudited) <i>HK\$'000</i>	3Q FY2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2021 (Unaudited) <i>HK\$'000</i>
Interests on: Secured bank borrowings	1,166	964	3,099	3,176
	<u>1,166</u>	<u>964</u>	<u>3,099</u>	<u>3,176</u>

7. INCOME TAX EXPENSE

	3Q FY2023 (Unaudited) HK\$'000	3Q FY2022 (Unaudited) HK\$'000	YTD Dec 2022 (Unaudited) HK\$'000	YTD Dec 2021 (Unaudited) HK\$'000
Current tax:				
Hong Kong profits tax				
– provision for the periods	–	–	–	–
– over provision in respect of prior periods	(20)	(58)	(27)	(58)
	(20)	(58)	(27)	(58)
Japanese corporate income tax	184	321	285	543
Japanese withholding tax	439	419	1,215	1,348
	603	682	1,473	1,833
Deferred taxation	515	482	1,421	1,455
	<u>1,118</u>	<u>1,164</u>	<u>2,894</u>	<u>3,288</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For YTD Dec 2022 and YTD Dec 2021, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other entities of the Group in Hong Kong which are not qualified for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Japan corporate income tax law, Japanese corporate income tax is calculated at 33.58% of the estimated assessable profits for YTD Dec 2022 (YTD Dec 2021: 33.58%). However, for certain Japanese subsidiaries under the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for YTD Dec 2022 and YTD Dec 2021.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

8. PROFIT FOR THE PERIOD

	3Q FY2023 (Unaudited) HK\$'000	3Q FY2022 (Unaudited) HK\$'000	YTD Dec 2022 (Unaudited) HK\$'000	YTD Dec 2021 (Unaudited) HK\$'000
Profit for the period has been arrived at after charging:				
Staff cost, excluding directors' emoluments:				
– Salaries, bonus and other benefits	2,281	3,385	6,977	8,025
– Contributions to retirement benefits schemes	63	74	191	211
	2,344	3,459	7,168	8,236
Total staff costs, excluding directors' emoluments	<u>2,344</u>	<u>3,459</u>	<u>7,168</u>	<u>8,236</u>
Directors' emoluments	1,054	969	2,920	2,696
Auditors' remuneration	175	175	525	525
Depreciation of property, plant and equipment	255	259	767	782
Share based payments	348	425	857	1,088
Net exchange (gain)/loss	(1,391)	279	463	382

9. DIVIDEND

	YTD Dec 2022 (Unaudited) HK\$'000	YTD Dec 2021 (Unaudited) HK\$'000
Dividends recognised as distribution to non-controlling interests during the periods by:		
Smart Tact Property Investment Limited (“Smart Tact”)		
2022 interim, paid – JPY553 per share (equivalent to HK\$32 per share)	29	–
2021 interim, paid – JPY461 per share (equivalent to HK\$32 per share)	–	30
I Corporation		
2022 interim, paid – JPY23,405 per share (equivalent to HK\$1,362 per share)	19	–
2021 interim, paid – JPY19,091 per share (equivalent to HK\$1,333 per share)	–	19
EXE Rise Shimodori Investor Limited (“EXE”)		
2022 interim, paid – JPY23,530 per share (equivalent to HK\$1,369 per share)	16	–
2021 interim, paid – JPY16,794 per share (equivalent to HK\$1,172 per share)	–	14
Residence Motoki Investment Limited (“Residence”)		
2022 interim, paid – JPY400 per share (equivalent to HK\$23 per share)	30	–
2021 interim, paid – JPY500 per share (equivalent to HK\$35 per share)	–	45
	94	108

The Directors do not recommend the payment of any interim dividend for 3Q FY2023 (3Q FY2022: nil).

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

(a) Number of shares

	3Q FY2023 '000	3Q FY2022 '000	YTD Dec 2022 '000	YTD Dec 2021 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>Note</i>)	807,500	803,759	807,019	803,493
Effect of dilutive potential ordinary shares: Share Awards (as defined below)	7,299	7,671	5,907	6,375
Weighted average number of ordinary shares for the purpose of diluted earnings per share	814,799	811,430	812,926	809,868

Note: During YTD Dec 2021, the Company repurchased 500,000 ordinary shares from the Stock Exchange. The total amount paid to repurchase these ordinary shares was approximately HK\$0.1 million. All the repurchased shares had been cancelled as at 31 December 2021.

(b) Reported earnings

	3Q FY2023 (Unaudited) <i>HK\$'000</i>	3Q FY2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2021 (Unaudited) <i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<u>3,952</u>	<u>2,326</u>	<u>6,031</u>	<u>5,625</u>

(c) Underlying earnings

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are calculated based on the underlying profits attributable to the owners of the Company which excludes the net effect of changes in the valuation of investment properties and deferred taxation charged. A reconciliation of profits is as follows:

	3Q FY2023 (Unaudited) <i>HK\$'000</i>	3Q FY2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2022 (Unaudited) <i>HK\$'000</i>	YTD Dec 2021 (Unaudited) <i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to the owners of the Company)	3,952	2,326	6,031	5,625
Fair value change of investment property and the related deferred taxation charged	<u>–</u>	<u>–</u>	<u>1,000</u>	<u>–</u>
Earnings for the purpose of basic and diluted earnings per share (Underlying profit for the period attributable to the owners of the Company)	<u>3,952</u>	<u>2,326</u>	<u>7,031</u>	<u>5,625</u>

11. SHARE AWARDS

During YTD Dec 2022, the movement of share awards granted are as follows:

Date of grant	Grantee(s)	Notes	Number of respective shares awarded				
			Number of new shares of the Company awarded	Vested and issued, and lapsed as at 1 April 2022	Vested and issued during YTD Dec 2022	Lapsed during YTD Dec 2022	To be vested and issued as at 31 December 2022
26 June 2020	Two executive directors of a wholly-owned subsidiary of the Group; and ten employees of the Group who are independent third parties	1, 2	2,540,000 (the "2020 Connected Grants")	780,000	-	-	1,760,000
			1,290,000 (the "2020 Selected Employees Grant")	1,290,000	-	-	-
4 January 2021 and 29 June 2021	Two executive directors of a wholly-owned subsidiary of the Group; and sixteen employees of the Group who are independent third parties	1, 3	1,440,000 (the "2021 Connected Grants")	540,000	-	-	900,000
			2,490,000 (the "2021 Selected Employees Grant")	1,530,000	-	400,000	560,000
4 January 2022 and 30 June 2022	Two executive directors of a wholly-owned subsidiary of the Group; and eleven employees of the Group who are independent third parties	1, 4	1,920,000 (the "2022 Connected Grants")	-	320,000	-	1,600,000
			3,820,000 (the "2022 Selected Employees Grant")	-	720,000	700,000	2,400,000
			<u>13,500,000</u>	<u>4,140,000</u>	<u>1,040,000</u>	<u>1,100,000</u>	<u>7,220,000</u>

Notes:

- One of the grantees has since been appointed as an executive director of a wholly-owned subsidiary of the Group with effect from 23 June 2021.
- Details of the 2020 Connected Grants and 2020 Selected Employees Grant were set out in the circular of the Company dated 23 July 2020. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 7 August 2020. As at 31 December 2022, 1,760,000 shares of 2020 Connected Grant had vested and subsequently been issued to relevant employees in January 2023.

3. Details of the 2021 Connected Grants and 2021 Selected Employees Grant were set out in the circular of the Company dated 22 July 2021. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 6 August 2021. As at 31 December 2022, 900,000 shares of the 2021 Connected Grant and 560,000 shares of the 2021 Selected Employees Grant had vested and subsequently been issued to relevant employees respectively in January 2023.
4. Details of the 2022 Connected Grant and 2022 Selected Employees Grant were set out in the circular of the Company dated 22 July 2022. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2022. As at 31 December 2022, 640,000 shares of 2022 Connected Grant and 880,000 of 2022 Selected Employee Grant had vested and subsequently been issued to relevant employees respectively in January 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group focuses on corporate finance and other consultancy services and proprietary investments. In respect of corporate finance and other consultancy services, the Group primarily offers sponsorship, financial advisory, compliance advisory, equity capital market consulting, special situations consulting and investment consulting services to its clients. For proprietary investments, the Group invests in real estate in Japan and Hong Kong and derives rental income therefrom, as well as in securities to derive dividend income therefrom and aims for capital gain.

Business Review

For 3Q FY2023, the Group recorded an unaudited revenue of approximately HK\$13.1 million, representing a decrease of approximately 11.5% as compared to 3Q FY2022. In terms of nine-month period, the Group's revenue of HK\$37.8 million for YTD Dec 2022 was approximately 7.0% lower compared to HK\$40.7 million for YTD Dec 2021.

The above was principally due to lower revenue from proprietary investments activities. As further explained below, due to weakening of JPY during these periods, when JPY-denominated rental income from the Japanese property portfolio is translated into the HK\$ reporting currency, the Group's revenue in terms of HK\$ became lower.

Of the two business segments, proprietary investments activities continued to contribute to relatively higher proportions of the Group's total revenue, with contribution of approximately 58.4% during 3Q FY2023 and approximately 61.7% during YTD Dec 2022.

Corporate finance and other consultancy services

Revenue from corporate finance and other consultancy services for 3Q FY2023 was lower by approximately 6.5% as compared to 3Q FY2022, affected by continued decline in revenue from sponsorship services. At the same time, while revenue from financial advisory services was lower, such decrease was partially offset by higher revenue from compliance advisory services and other corporate finance services.

Revenue from corporate finance and other consultancy services was higher in YTD Dec 2022 compared with YTD Dec 2021, underpinned mainly by improvements in revenue of compliance advisory services and other corporate finance services.

The Directors wish to note that corporate finance service income is recognised when the underlying services have been provided and/or relevant significant acts have been completed in accordance with the terms of the service agreement; hence there may be fluctuations in the revenue from period to period depending on billing milestones achieved during that period.

Proprietary investments

During 3Q FY2023, the property investment portfolio of the Group consisted of 26 buildings in Japan and one commercial unit in Hong Kong ("**Property(ies)**") (3Q FY2022: 26 buildings in Japan and one commercial unit in Hong Kong). The Property in Hong Kong was fully occupied during 3Q FY2023. Occupancy rate (in terms of rental revenue) for the property portfolio in Japan improved to approximately 93.0% (3Q FY2022: 90.9%), in line with the progressive normalisation of business activities post pandemic. For reference, rental income from Japan property portfolio improved from JPY381.1 million in YTD Dec 2021 to JPY386.1 million in YTD Dec 2022. Similarly, such rental income improved from JPY123.3 million in 3Q FY2022 to JPY127.0 million in 3Q FY2023. Notwithstanding this, affected by a weaker JPY during the periods, rental income from Japan property portfolio was lower when translated into our HK\$ reporting currency.

Consequently, overall revenue from proprietary investments was approximately 14.7% lower in 3Q FY2023 compared to previous corresponding period, and was approximately 15.9% lower in YTD Dec 2022 compared to previous corresponding period.

Net profit for the period

Administrative and operating expenses were lower at approximately HK\$4.4 million in 3Q FY2023 compared to approximately HK\$7.3 million in 3Q FY2022 as a result of (i) lower staff cost as the number of staff had reduced over the period; and (ii) a net exchange gain recorded in 3Q FY2023 instead of a net exchange loss in 3Q FY2022. Effects of foreign exchange are further explained below. Property expenses were also lower at approximately HK\$2.3 million in 3Q FY2023 compared to approximately HK\$3.0 million in 3Q FY2022 due mainly to lower repair expenses.

For the nine-month period, administrative and operating expenses were lower in YTD Dec 2022 compared to YTD Dec 2021 due mainly to lower staff cost as explained above. Lower repair expenses resulted in a decrease in property expenses in YTD Dec 2022 when compared to YTD Dec 2021.

Due principally to the above movements in revenue and expenses, the Group recorded higher underlying net profit of approximately HK\$7.4 million in YTD Dec 2022 compared with HK\$6.2 million in YTD Dec 2021. After taking into account a net decrease in fair value of investment property of HK\$1.0 million recorded in YTD Dec 2022 while no such changes was recorded in YTD Dec 2021, reported net profits in YTD Dec 2022 and YTD Dec 2021 were at similar levels of approximately HK\$6.4 million and HK\$6.2 million.

Foreign exchange

The reporting currency of the Group is HK\$. While the corporate finance business of the Group is predominately conducted in HK\$, a substantial portion of the investment portfolio of the Group in Japan is exposed to foreign currency risk. Exchange differences arising from the translation of the carrying amount in JPY of the foreign operations in Japan of the Group to the presentation currency of HK\$ shall be recognised as other comprehensive income/expense.

During the six months ended 30 September 2022, net exchange loss of HK\$1.9 million was recorded in administrative and operating expenses in profit or loss, while a negative exchange difference arising on translation of foreign operations in Japan of HK\$55.1 million was recorded as other comprehensive expense. Of the HK\$1.9 million, HK\$1.1 million was loss related to the translation of Japan operations of the Group from JPY to HK\$. As such, the net exchange gain of HK\$1.4 million for 3Q FY2023 included a net exchange gain resulting from the reclassification of this HK\$1.1 million exchange loss to other comprehensive expense.

OUTLOOK AND STRATEGY

Advisory and consulting

While the worries of rising interest rate environment and slowdown in global economies remain, we hope that the opening up of Hong Kong and Mainland China's borders and the more relaxed pandemic policies will spur corporate actions and investment activities of Hong Kong listed companies. This in turn may increase the demand for rule-based advisory work and we will work towards enhancing our market share in this area. At the same time, we will continue the marketing effort for our strategic corporate finance consulting work.

Proprietary investments

The opening up of Japan's borders facilitates a resumption of our property investment activities previously hampered by inability to conduct site visits and due diligence. We are currently assessing potential investment opportunities, if successfully pursued, will add to the Group's rental income and diversify our property portfolio. Amidst the active Japan real estate market, the management will also explore strategies to unlock the value of some older properties within our portfolio through major refurbishment and redevelopment.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2022, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Interest or short positions in the shares of the Company:

Name of Director	Capacity and nature of interests	Number of shares interested ^(Note 2)	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ip ^(Note 1)	Beneficiary of a trust	557,200,000 (L)	68.98
	Beneficial owner	1,250,000 (L)	0.15
	Interest of a spouse	1,250,000 (L)	0.15
Mr. Chang Sean Pey ("Mr. Chang")	Beneficial owner	22,400,000 (L)	2.77
Ms. Leung Churk Yin Jeanny ("Ms. Leung")	Beneficial owner	9,400,000 (L)	1.16

Notes:

- (1) KHHL is deemed to be interested in 557,200,000 shares of the Company in long position through its wholly-owned subsidiary Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Ip are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL. Mr. Ip, the spouse of Ms. Ho Shuk Yee Samantha ("Ms. Ho"), is deemed to be interested in 1,250,000 shares of the Company held by Ms. Ho by virtue of SFO.
- (2) The letter "L" denotes a long position in the shares of the Company.

Interests in associated corporations of the Company:

Name	Name of associated corporation	Capacity and nature of interest	Number of shares interested ^(Note 1)	Approximate percentage of shareholding (%)
Mr. Ip	KHHL ^(Note 2)	Beneficiary of a trust	204 (L)	80.0
	I Corporation ^(Note 3)	Interest of spouse	14 (L)	20.0
Ms. Leung	Residence	Beneficial owner	20 (L)	0.33
Mr. Chang	Residence	Beneficial owner	10 (L)	0.17

Notes:

- (1) The letter “L” denotes a long position in the shares of these associated corporations of the Company.
- (2) KHHL is deemed to be interested in the Company in long position through its wholly-owned subsidiary, Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Mr. Ip is one of the beneficiaries. By virtue of the SFO, Mr. Ip is deemed to be interested in the shares of KHHL held by the Trustee.
- (3) Pursuant to the SFO, Mr. Ip, the spouse of Ms. Ho, is deemed to be interested in the shares of I Corporation held by Ms. Ho.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations” above and “Share Option Scheme” below, at no time during YTD Dec 2022 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND PERSONS' INTERESTS IN OTHER MEMBERS OF THE GROUP

As at 31 December 2022, substantial shareholders (not being the Directors or chief executives of the Company) had interested or short positions in the shares or 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 recorded in the register required to be kept by the Company under section 336 of the SFO; and other persons had interests in other members of the Group as follows:

(a) Interests or short positions in the shares of the Company

Name of shareholder	Capacity and nature of interest	Number of shares interested ^(Note 1)	Approximate percentage of the total issued share capital of the Company (%)
Flying Castle Limited ^(Note 2)	Beneficial owner	557,200,000 (L)	68.98
KHHL ^(Note 2)	Interest in a controlled corporation	557,200,000 (L)	68.98
The Trustee	Trustee	557,200,000 (L)	68.98
Ms. Chan ^(Note 2)	Founder of a discretionary trust	557,200,000 (L)	68.98
	Beneficial owner	1,250,000 (L)	0.15
Mr. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	68.98
	Beneficial owner	1,250,000 (L)	0.15
	Interest of spouse	1,250,000 (L)	0.15
Ms. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	68.98
	Beneficial owner	1,250,000 (L)	0.15
Ms. Ho ^(Note 3)	Interest of spouse	558,450,000 (L)	69.14
	Beneficial owner	1,250,000 (L)	0.15
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.48

Notes:

- (1) The letter “L” denotes a long position in the shares of the Company.
- (2) KHHL is deemed to be interested in the Company in long position through its wholly-owned subsidiary, Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Ip are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL. By virtue of SFO, Mr. Ip, the spouse of Ms. Ho, is deemed to be interested in 1,250,000 shares of the Company held by Ms. Ho.
- (3) Pursuant to the SFO, Ms. Ho, the spouse of Mr. Ip, is deemed to be interested in all the shares of the Company in which Mr. Ip is deemed to be interested.

(b) Interests or short positions in other members of the Group

Name of shareholder	Name of members of the Group	Capacity and nature of interest	Number of shares interested ^(Note)	Percentage of shareholding (%)
Ms. Ho	I Corporation	Beneficial owner	14 (L)	20.0
Mr. Henry Shih	Smart Tact	Beneficial owner	922 (L)	10.0
	Residence	Beneficial owner	600 (L)	10.0
	Lynton Gate Limited	Beneficial owner	1 (L)	10.0
	EXE	Beneficial owner	12 (L)	10.0
Mr. Richard Lo	Residence	Interest in controlled corporations	600 (L)	10.0

Note: The letter “L” denotes a long position in the shares of the members of the Group.

Save as disclosed above, the Directors and chief executives of the Company are not aware that there is any party who, as at 31 December 2022, had or was deemed to have, an interest or short position in the shares or 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 recorded in the register required to be kept by the Company under section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information available to the Company and to the best knowledge of the Directors as at the date of this announcement, the Company has maintained the public float as required under GEM Listing Rules during YTD Dec 2022.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during YTD Dec 2022 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had 18 staff (31 December 2021: 20). The remuneration policy of the Group takes into consideration the duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, the profit of the Group as a whole and comparable market levels. Apart from salary payment, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) by a shareholder resolution passed on 26 September 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. During YTD Dec 2022 and up to the date of this announcement, no share option was granted by the Company and there was no share option outstanding under the Share Option Scheme as at 31 December 2022.

SHARE AWARDS

Details of the share awards of the Group are set out in note 11 to the condensed consolidated financial statements of the Group for YTD Dec 2022.

On 5 January 2023, the Board had resolved to award conditionally an aggregate of 240,000 new shares of the Company (the “**Awarded Shares**”) to two grantees (the “**Selected Employees**”). The Selected Employees are employees of the Group and are independent third parties of the Group. The Awarded Shares will be issued and allotted pursuant to a share scheme which the Company will propose to adopt in accordance with Chapter 23 of the GEM Listing Rules, to recognise and reward contributions of, as well as to retain and motivate, staff members and other eligible parties, for the growth and development of the Group. The proposed adoption of the share scheme is subject to approval of shareholders by way of an ordinary resolution at an extraordinary general meeting of the Company (“**EGM**”). It is expected that the EGM will be held in August 2023. A further announcement containing details of the proposed share scheme, including its principal terms, will be made by the Company; and a circular containing, among other things, the notice of EGM and details of the proposed share scheme will be despatched to shareholders in accordance with the requirements of the GEM Listing Rules.

CORPORATE GOVERNANCE

Pursuant to Rules 17.22 and 17.24 of the GEM Listing Rules, the Company has complied with and does not have advances to any entity nor advances to affiliated companies. In addition, pursuant to Rule 17.23 of the GEM Listing Rules; the Company stated that (i) the major shareholders of the Company have not pledged any of their shares held; and (ii) an indirect wholly-owned subsidiary of the Company has entered into certain loan agreements with covenants relating to specific performance of the controlling shareholder as described below.

The Board has reviewed the corporate governance practices of the Group and is satisfied that the Group has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rule during YTD Dec 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the **“Required Standard of Dealings”**).

Having made specific enquiries of all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings during the period in YTD Dec 2022 and to the date of this announcement. The Company has not been notified by the Directors of any incident of non-compliance during such period.

COMPETING INTERESTS

As at 31 December 2022, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

On 2 July 2019, the Group entered into a bank facility letter (the **“Dah Sing Facility Letter”**) under which Dah Sing Bank Limited agreed to make available to an indirect wholly-owned subsidiary of the Company, Starich Resources Limited a revolving loan facility in the amount of HK\$60,000,000 for investment and working capital purposes.

Under the Dah Sing Facility Letter, the Company has undertaken that (i) Mr. Ip shall remain as chairman of the Board and maintain control over the management and business of the Company; and (ii) his beneficial interest in the Company, as required to be disclosed pursuant to the disclosure requirements under the GEM Listing Rules and the SFO, should be maintained at not less than 60.0%.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Chan Sun Kwong. The other members are Mr. Chao Tien Yo and Mr. Lee Shu Yin respectively. The primary duty of the Audit Committee is to review and supervise the financial reporting process, the risk management and internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to code provision D.3.3 of the CG Code, the Audit Committee has reviewed the unaudited consolidated results of the Group for YTD Dec 2022 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors are:

Executive Directors:

Mr. Arnold Ip Tin Chee

Mr. Chang Sean Pey

Ms. Leung Churk Yin Jeanny

Independent Non-executive Directors:

Mr. Chao Tien Yo

Mr. Chan Sun Kwong

Mr. Lee Shu Yin

By order of the Board of
ALTUS HOLDINGS LIMITED
Arnold Ip Tin Chee
Chairman and Executive Director

Hong Kong, 6 February 2023

This announcement will remain on the website of GEM of the Stock Exchange at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published and remained on website of the Company at <http://www.altus.com.hk>.