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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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2023**

**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

	For the year ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<b>47,791</b>	55,709
Profit before tax	<b>15,524</b>	12,148
Profit for the year attributable to owners of the Company		
– Reported	<b>9,878</b>	6,980
– Underlying <i>(Note)</i>	<b>7,001</b>	9,829

*Note:* Underlying profit for the year attributable to owners of the Company excluded the net effect of fair value changes of investment properties, net of deferred taxation charged.

	As at 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	<b>630,020</b>	663,240
Total liabilities	<b>207,715</b>	222,630
Net assets	<b>422,305</b>	440,610

## ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2023 (“**FY2023**”), together with the audited comparative figures for the year ended 31 March 2022 (“**FY2022**”), as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the years ended 31 March 2022 and 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	<b>2022</b> <i>HK\$'000</i>
Revenue	4	<b>47,791</b>	55,709
Other income	6	<b>675</b>	158
Net increase (decrease) in fair value of investment properties		<b>3,891</b>	(666)
Changes in fair value of derivative financial liabilities		<b>17</b>	49
Property expenses		<b>(10,024)</b>	(12,429)
Administrative and operating expenses		<b>(22,541)</b>	(26,571)
Share of results of an associate		<b>14</b>	(7)
Finance costs	7	<b>(4,299)</b>	(4,095)
Profit before tax		<b>15,524</b>	12,148
Income tax expense	8	<b>(4,750)</b>	(4,168)
Profit for the year	9	<b>10,774</b>	7,980
<b>Other comprehensive expense for the year</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(29,451)</b>	(32,166)
Share of translation reserve of an associate		<b>(30)</b>	(1)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of financial assets at fair value through other comprehensive income (“ <b>FVTOCI</b> ”)		<b>(323)</b>	(142)
Other comprehensive expense for the year		<b>(29,804)</b>	(32,309)
Total comprehensive expense for the year		<b>(19,030)</b>	(24,329)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

*For the years ended 31 March 2022 and 2023*

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		<b>9,878</b>	6,980
Non-controlling interests		<b>896</b>	1,000
		<u><b>10,774</b></u>	<u>7,980</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		<b>(18,920)</b>	(24,484)
Non-controlling interests		<b>(110)</b>	155
		<u><b>(19,030)</b></u>	<u>(24,329)</u>
<b>Earnings per share based on profit attributable to owners of the Company (HK cent)</b>			
	<i>11</i>		
– Basic		<b>1.22</b>	0.87
		<u><b>1.22</b></u>	<u>0.86</u>
– Diluted		<b>1.22</b>	0.86
		<u><b>1.22</b></u>	<u>0.86</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022 and 2023

		2023	2022
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		38,397	39,405
Investment properties		547,567	579,803
Interest in an associate		395	411
Financial assets at fair value through other comprehensive income	12	1,159	1,482
Club memberships		1,702	1,716
Deferred tax asset		1,132	1,505
Deposit paid for acquisition of investment property		590	–
Prepayment	13	216	111
		<u>591,158</u>	<u>624,433</u>
Current assets			
Trade and other receivables	13	3,088	4,148
Deposits placed in financial institutions		116	1,456
Bank balances and cash		35,658	33,203
		<u>38,862</u>	<u>38,807</u>
Current liabilities			
Trade and other payables	14	10,548	11,330
Tax payable		5,729	4,538
Secured bank borrowings		59,160	60,796
		<u>75,437</u>	<u>76,664</u>
Net current liabilities		<u>(36,575)</u>	<u>(37,857)</u>
Total assets less current liabilities		<u>554,583</u>	<u>586,576</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 31 March 2022 and 2023*

		<b>2023</b>	2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Non-current liabilities			
Secured bank borrowings		<b>102,310</b>	115,849
Derivative financial instruments		<b>53</b>	169
Other payables – tenant deposits – over 1 year	<i>14</i>	<b>1,033</b>	1,184
Deferred tax liabilities		<b>28,882</b>	28,764
		<hr/> <b>132,278</b>	<hr/> 145,966
		<hr/> <b>422,305</b>	<hr/> 440,610
Capital and reserves			
Share capital	<i>15</i>	<b>8,125</b>	8,068
Reserves		<b>400,008</b>	418,088
		<hr/> <b>408,133</b>	<hr/> 426,156
Equity attributable to owners of the Company		<b>408,133</b>	426,156
Non-controlling interests		<b>14,172</b>	14,454
		<hr/> <b>422,305</b>	<hr/> 440,610

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to owners of the Company											
	Share capital	Share premium	Treasury stock	Other reserve	Investment revaluation reserve	Shareholder contribution	Share awards reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
	(note i)		(note ii)		(note iii)	(note iv)						
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	8,068	73,313	(22)	98,819	(634)	11,319	322	(52,195)	287,166	426,156	14,454	440,610
Profit for the year	-	-	-	-	-	-	-	-	9,878	9,878	896	10,774
Other comprehensive expense for the year												
- Change in fair value of financial assets at FVTOCI	-	-	-	-	(323)	-	-	-	-	(323)	-	(323)
- Share of translation reserve of an associate	-	-	-	-	-	-	-	(30)	-	(30)	-	(30)
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(28,445)	-	(28,445)	(1,006)	(29,451)
	-	-	-	-	(323)	-	-	(28,475)	-	(28,798)	(1,006)	(29,804)
Total comprehensive (expense) income for the year	-	-	-	-	(323)	-	-	(28,475)	9,878	(18,920)	(110)	(19,030)
Vested shares for share awards	58	1,010	-	-	-	-	(1,068)	-	-	-	-	-
Share based payment	-	-	-	-	-	-	897	-	-	897	-	897
Cancellation of treasury stock	(1)	(21)	22	-	-	-	-	-	-	-	-	-
Dividends paid to non-controlling shareholders by subsidiaries	-	-	-	-	-	-	-	-	-	-	(172)	(172)
At 31 March 2023	8,125	74,302	-	98,819	(957)	11,319	151	(80,670)	297,044	408,133	14,172	422,305

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2022

	Attributable to owners of the Company											
	Share capital	Share premium <i>(note i)</i>	Treasury stock	Other reserve <i>(note ii)</i>	Investment revaluation reserve <i>(note iii)</i>	Shareholder contribution <i>(note iv)</i>	Share awards reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021	8,034	72,431	-	98,819	(492)	11,319	210	(20,873)	280,186	449,634	14,529	464,163
Profit for the year	-	-	-	-	-	-	-	-	6,980	6,980	1,000	7,980
Other comprehensive expense for the year												
- Change in fair value of financial assets at FVTOCI	-	-	-	-	(142)	-	-	-	-	(142)	-	(142)
- Share of translation reserve of an associate	-	-	-	-	-	-	-	(1)	-	(1)	-	(1)
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(31,321)	-	(31,321)	(845)	(32,166)
	-	-	-	-	(142)	-	-	(31,322)	-	(31,464)	(845)	(32,309)
Total comprehensive (expense) income for the year	-	-	-	-	(142)	-	-	(31,322)	6,980	(24,484)	155	(24,329)
Vested shares for share awards	45	1,071	-	-	-	-	(1,116)	-	-	-	-	-
Share based payment	-	-	-	-	-	-	1,228	-	-	1,228	-	1,228
Repurchase of ordinary shares	-	-	(222)	-	-	-	-	-	-	(222)	-	(222)
Cancellation of treasury stock	(11)	(189)	200	-	-	-	-	-	-	-	-	-
Dividends paid to non-controlling shareholders by subsidiaries	-	-	-	-	-	-	-	-	-	-	(230)	(230)
At 31 March 2022	8,068	73,313	(22)	98,819	(634)	11,319	322	(52,195)	287,166	426,156	14,454	440,610



*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 or obtaining control and they are accounted for as equity transactions.
- (iii) Amounts represent the employee benefits borne by the ultimate holding company, who entered into the option deeds with two executive directors of the Company, as the grantees ("**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 Company's share 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 approximately HK\$11,319,000. As at 31 March 2020, all share options were exercised.
- (iv) Amounts represent the employee benefits for the purposes of recognising and rewarding their contributions which were borne by the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended 31 March 2023 and 2022

## 1. GENERAL

The Company was incorporated as an exempted company with limited liability on 11 November 2015 in the Cayman Islands under the Companies Act, 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 of Hong Kong Limited (the “**Stock Exchange**”) on 17 October 2016. The addresses 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 subsidiaries are mainly engaged in the provision of corporate finance and other consultancy services and proprietary investments. 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 Kinley-Hecico Holdings Limited (“**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 and Landmark Trust Switzerland SA, which the beneficiaries of the trust are Mr. Arnold Ip Tin Chee and Ms. Lam Ip Tin Wai Chyvette.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is same as the functional currency of the Company. Other than those subsidiaries incorporating 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 STATEMENTS

### Going Concern

Notwithstanding that the Group has incurred net current liabilities of approximately HK\$36,575,000 as at 31 March 2023, the consolidated financial statements as at 31 March 2023 have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year after taking into consideration that the Group has unutilised available banking facilities of approximately HK\$60,979,000 as at 31 March 2023.

Accordingly, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2023. The directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements as at 31 March 2023 do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

## 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning 1 April 2022:

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

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

## New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

## 4. REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Corporate finance and other consultancy services income	16,330	19,029
<b>Revenue from other source</b>		
Rental income for investment properties under operating leases – fixed lease payments ( <i>note</i> )	31,461	36,680
	<u>47,791</u>	<u>55,709</u>

Revenue generated from provision of corporate finance and other consultancy services during the years ended 31 March 2023 and 2022 are recognised over time.

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

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Gross rental income from investment properties	<b>31,461</b>	36,680
Direct operating expenses incurred for investment properties that generated rental income during the year (included in property expenses)	<b>(10,024)</b>	(12,429)
	<hr/>	<hr/>
Net rental income	<b>21,437</b>	24,251
	<hr/> <hr/>	<hr/> <hr/>

#### **Transaction price allocated to the remaining performance obligations for contracts with customers**

The transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at 31 March 2023 and 2022 and the expected timing of recognition are, as follow:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within one year	<b>2,123</b>	6,201
More than one year	<b>75</b>	1,400
	<hr/>	<hr/>
	<b>2,198</b>	7,601
	<hr/> <hr/>	<hr/> <hr/>

The above amounts represent revenue expected to be recognised in the future from provision of corporate finance and other consultancy services.

## **5. SEGMENT INFORMATION**

Information reported to the chief operating decision maker (the “CODM”), being the directors of the Company, 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 Group's reportable segments 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.

## Segment revenues and results

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

### For the year ended 31 March 2023

	Advisory and consulting <i>HK\$'000</i>	Proprietary investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>			
External revenue and segment revenue	<u>16,330</u>	<u>31,461</u>	<u>47,791</u>
<b>RESULT</b>			
Segment profit	<u>8,912</u>	<u>21,243</u>	30,155
Other income and expenses, net			(12,738)
Share of results of an associate			14
Finance costs			<u>(1,907)</u>
Profit before tax			<u>15,524</u>

### For the year ended 31 March 2022

	Advisory and consulting <i>HK\$'000</i>	Proprietary investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>			
External revenue and segment revenue	<u>19,029</u>	<u>36,680</u>	<u>55,709</u>
<b>RESULT</b>			
Segment profit	<u>7,507</u>	<u>19,418</u>	26,925
Other income and expenses, net			(13,537)
Share of results of an associate			(7)
Finance costs			<u>(1,233)</u>
Profit before tax			<u>12,148</u>

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment profit represents the profit earned 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.

## Segment assets and liabilities

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

### *Segment assets*

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Advisory and consulting	<b>1,623</b>	2,294
Proprietary investments	<b>550,625</b>	582,691
	<hr/>	<hr/>
Total segment assets	<b>552,248</b>	584,985
Unallocated	<b>77,772</b>	78,255
	<hr/>	<hr/>
Total assets	<b>630,020</b>	663,240
	<hr/> <hr/>	<hr/> <hr/>

### *Segment liabilities*

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Advisory and consulting	<b>545</b>	286
Proprietary investments	<b>121,610</b>	136,802
	<hr/>	<hr/>
Total segment liabilities	<b>122,155</b>	137,088
Unallocated	<b>85,560</b>	85,542
	<hr/>	<hr/>
Total liabilities	<b>207,715</b>	222,630
	<hr/> <hr/>	<hr/> <hr/>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, deferred tax asset, unlisted equity investment at FVTOCI, club memberships, certain other receivables, interest in an associate, deposits placed in financial institutions, bank balances and cash and other corporate assets; and
- all liabilities are allocated to operating segments other than certain other payables, tax payable, certain secured bank borrowings, derivative financial instruments, deferred tax liabilities and other corporate liabilities.

## Breakdown of revenue by services

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Advisory and consulting</b>		
Sponsorship services	2,022	2,442
Financial advisory services	8,340	14,424
Compliance advisory services	2,361	1,181
Other corporate finance services	3,607	982
	<u>16,330</u>	<u>19,029</u>
<b>Proprietary investments</b>		
Rental income	31,461	36,680
	<u>47,791</u>	<u>55,709</u>

## Geographic information

The Group's operations are mainly located in Hong Kong and Japan.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets, excluding financial assets at FVTOCI, club memberships, deferred tax asset, prepayment and interest in an associate, is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	17,785	20,541	111,397	113,405
Japan	30,006	35,168	475,157	505,803
	<u>47,791</u>	<u>55,709</u>	<u>586,554</u>	<u>619,208</u>

During the years ended 31 March 2023 and 2022, there was no single customer contributing over 10% of the Group's total revenue.

## 6. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	89	9
Dividend income from financial assets at FVTOCI	67	63
Reversal of impairment loss of trade receivables ( <i>note 13</i> )	23	86
Government grants ( <i>note</i> )	496	–
	<u>675</u>	<u>158</u>

*Note:* During the year 31 March 2023, the government grants included the amount of HK\$462,000 (2022: nil) related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There are no unfulfilled conditions and other contingencies related to receipts of these grants.

## 7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interests on secured bank borrowings	4,299	4,095

## 8. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
Japanese Corporate Income Tax	284	245
Japanese Withholding Tax	1,722	1,798
	<u>2,006</u>	<u>2,043</u>
Over provision in prior years:		
Hong Kong Profits Tax	(31)	(58)
Deferred taxation	2,775	2,183
	<u>4,750</u>	<u>4,168</u>



Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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%. 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 Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 March 2023 and 2022.

Under the Japan Corporate Income Tax Law, Japanese corporate income tax is calculated at 33.58% of the estimated assessable profits for the years ended 31 March 2023 and 2022. However, for certain Japanese subsidiaries under the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for the years ended 31 March 2023 and 2022.

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.

## 9. PROFIT FOR THE YEAR

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Staff cost, excluding directors' emoluments:		
– Salaries, bonus and other benefits	<b>8,826</b>	11,688
– Contributions to retirement benefits scheme	<b>246</b>	278
– Share based payments – shares awards	<b>897</b>	1,228
	<hr/>	<hr/>
Total staff costs excluding directors' emoluments	<b>9,969</b>	13,194
	<hr/> <hr/>	<hr/> <hr/>
Auditors' remuneration	<b>660</b>	700
Depreciation of property, plant and equipment	<b>1,022</b>	1,040
(Reversal of) impairment loss of trade receivables, net	<b>(23)</b>	16
Net exchange loss	<b>644</b>	946
	<hr/> <hr/>	<hr/> <hr/>

## 10. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

## 11. 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:

### Earnings

	2023 <i>HKD'000</i>	2022 <i>HKD'000</i>
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	<u>9,878</u>	<u>6,980</u>

### Number of shares

	2023 <i>'000</i>	2022 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share ( <i>note</i> )	808,017	804,111
Effect of dilutive potential ordinary shares:		
Share awards	<u>4,208</u>	<u>5,856</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>812,225</u>	<u>809,967</u>

*Note:* During the year ended 31 March 2022, the Company repurchased in aggregate 1,170,000 ordinary shares on the Stock Exchange, out of which 1,050,000 repurchased shares had been cancelled and the remaining 120,000 repurchased shares were recorded as treasury stock as at 31 March 2022. The total amount paid to repurchase these ordinary shares was approximately HK\$222,000. During the year ended 31 March 2023, the 120,000 repurchased shares had been cancelled.

During the year ended 31 March 2023, the Company issued 5,780,000 ordinary shares to the relevant employees upon vesting of share awards.

During the year ended 31 March 2022, the Company issued 4,530,000 ordinary shares to the relevant employees upon vesting of share awards.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Equity instruments designated at FVTOCI		
– Listed	1,011	1,173
– Unlisted	148	309
	<hr/>	<hr/>
Total	<b>1,159</b>	1,482
	<hr/> <hr/>	<hr/> <hr/>

The above unlisted equity investment represent investment in unlisted equity investment issued by private entities incorporated in Japan. Investments in listed equity securities represent the Group's investment in companies listed in Hong Kong. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

## 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

The trade receivables are due upon the issuance of the invoices. The Group does not hold any collateral over these balances. The following is an aged analysis of trade receivables net of allowances for impairment of trade receivables presented based on the invoice date which approximates the respective revenue recognition dates at the end of the reporting period. It also represented the ageing analysis of trade receivables which are past due but not impaired, at the end of the reporting periods.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	195	1,339
More than 30 but within 60 days	17	361
More than 60 but within 90 days	390	202
More than 90 but within 180 days	844	121
	<hr/>	<hr/>
	<b>1,446</b>	2,023
	<hr/> <hr/>	<hr/> <hr/>

The movement in the allowances for impairment of trade receivables is set out below.

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Balance at the beginning of the year	131	186
Impairment loss recognised	–	102
Reversal of impairment loss	(23)	(86)
Amounts written off as uncollectible	(102)	(66)
Exchange realignment	(3)	(5)
	<hr/>	<hr/>
Balance at the end of the year	<b>3</b>	131
	<hr/> <hr/>	<hr/> <hr/>

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The ECL on trade receivables and lease receivables are estimated individually by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

During the year ended 31 March 2022, certain receivables were considered unrecoverable and in default, approximately HK\$102,000 (2023: nil) of lifetime ECL-credit impaired was recognised. During the year ended 31 March 2023, approximately HK\$23,000 (2022: HK\$86,000) had been recovered with the debtor having settled such amount in cash.

As at 31 March 2023, the allowances for impairment of trade receivables of approximately HK\$3,000 (2022: HK\$131,000) were made for trade receivables that are considered as credit impaired.

As there is no realistic prospect of recovery of the trade receivables of approximately HK\$102,000 (2022: HK\$66,000), the Group has written off such amount of trade receivables during the year ended 31 March 2023.

The following is an analysis of other receivables and prepayment at the end of the reporting period:

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Deposits	78	78
Prepayments	1,528	1,899
Other receivables	252	259
	<hr/>	<hr/>
	<b>1,858</b>	2,236
	<hr/> <hr/>	<hr/> <hr/>

The ECL on other receivables are estimated individually by reference to past experience of default and their financial position and general economic condition of the industry at the reporting date. The internal credit rating of the other receivables are considered to be performing as at 31 March 2023 and 2022 as there has not been a significant change in the credit risk since initial recognition.

#### 14. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	114	113
Other payables	11,467	12,401
	<u>11,581</u>	<u>12,514</u>
Analysed for reporting purposes:		
Current portion	10,548	11,330
Non-current portion	1,033	1,184
	<u>11,581</u>	<u>12,514</u>

The trade payables are due upon the receipt of the invoices. All trade payables are aged within 30 days which are based on the invoice date at the end of the reporting period. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

#### 15. SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	5,000,000,000	50,000
<i>Issued and fully paid:</i>		
At 1 April 2021	803,360,000	8,034
Share repurchased and cancelled ( <i>note ii</i> )	(1,050,000)	(11)
Share allotted ( <i>note i</i> )	4,530,000	45
	<u>806,840,000</u>	<u>8,068</u>
At 31 March 2022 and 1 April 2022	806,840,000	8,068
Share cancelled ( <i>note ii</i> )	(120,000)	(1)
Share allotted ( <i>note i</i> )	5,780,000	58
	<u>812,500,000</u>	<u>8,125</u>
At 31 March 2023	812,500,000	8,125

Notes:

- (i) These new shares rank pari passu with the existing shares in all respects.
- (ii) During the year ended 31 March 2022, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK\$0.01 each  <i>HK\$</i>	Price per share		Aggregate consideration paid  <i>HK\$'000</i>
		Highest	Lowest	
		<i>HK\$</i>	<i>HK\$'000</i>	
November 2021	500,000	0.202	0.200	101
February 2022	160,000	0.180	0.180	29
March 2022	510,000	0.181	0.175	92
	<b>1,170,000</b>			<b>222</b>

During the year ended 31 March 2022, 1,050,000 repurchased shares had been cancelled and the remaining 120,000 repurchased shares were recorded as treasury stock as at 31 March 2022. During the year ended 31 March 2023, the 120,000 treasury shares were cancelled and deducted from share capital and share premium.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## 16. RELATED PARTY TRANSACTIONS

### (a) Transactions

Except disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related party:

Name of the related party	Relationship	Nature of transactions	2023	2022
			<i>HK\$'000</i>	<i>HK\$'000</i>
KK Ascent Plus	Associate	Asset management fee paid	600	715
		Guarantee fee paid	249	214

The above transactions were carried out at terms determined based on the prevailing market price and agreed between the Group and the relevant party.

### (b) Secured bank borrowings

As at 31 March 2023, the bank borrowings of HK\$29,990,000 (2022: HK\$31,904,000) were guaranteed by KK Ascent Plus, an associate of the Group.

(c) **Compensation of key management personnel**

The remuneration of the directors of the Company and other members of key management during the year was as follows:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Short-term benefits	<b>6,582</b>	7,043
Share based payments	<b>546</b>	821
Post-employment benefits	<b>113</b>	114
	<hr/> <b>7,241</b> <hr/>	<hr/> 7,978 <hr/>

The remuneration of the directors of the Company and key management is determined by the remuneration committee of the Company having regard to the performance of individuals and the Company's performance and profitability and the prevailing market conditions.

**17. CAPITAL COMMITMENTS**

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Capital expenditure in respect of acquisition of investment properties contracted for but not provided in the consolidated financial statements	<b>10,620</b>	–

**18. EVENT AFTER THE REPORTING PERIOD**

Subsequent to the date of the reporting period, the Group had completed the acquisition of an investment property for rental purpose at a consideration of JPY190,000,000 (equivalent to approximately HK\$11,210,000) on 4 April 2023. Details of the acquisition are set out in the Company's announcements dated 2 March 2023 and 4 April 2023 respectively.

## OPERATION REVIEW AND FINANCIAL REVIEW

### Review of operations

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.

The Group maintained its profitable track record during FY2023 despite headwinds in corporate finance and other consultancy services as a result of subdued market sentiment, and a weakening of Japanese Yen (“JPY”) which affected rental revenue from its Japan property portfolio when translated into the Group’s Hong Kong Dollar (“HK\$”) reporting currency.

Underlying profit attributable to owners of the Company was HK\$7.0 million in FY2023 compared with HK\$9.8 million in FY2022 on the back of 14.2% decline in revenue to HK\$47.8 million in FY2023 from HK\$55.7 million in FY2022. Reported net profit was higher at HK\$10.8 million in FY2023 compared to HK\$8.0 million in FY2022 underpinned by net increase in fair value of the Group’s investment properties in Japan.

### *Corporate finance and other consultancy services*

A breakdown of revenue from corporate finance and other consultancy services in FY2023 and FY2022 is as follows:

	For the year ended 31 March					
	2023			2022		
	Revenue <i>HK\$'000</i>	%	Number of active engagements	Revenue <i>HK\$'000</i>	%	Number of active engagements
Sponsorship	2,022	12%	1	2,442	13%	2
Financial advisory	8,340	51%	58	14,424	76%	69
Compliance advisory	2,361	15%	7	1,181	6%	9
Others	3,607	22%	23	982	5%	21
Total	<u>16,330</u>	<u>100%</u>		<u>19,029</u>	<u>100%</u>	



Revenue from corporate finance and other consultancy services was 14.2% lower at HK\$16.3 million in FY2023 compared to the previous financial year due principally to continued subdued IPO sponsorships activities, in line with a general weak IPO market and uncertain regulatory environment. As a case in point, the number of IPOs on the Hong Kong Stock Exchange further reduced to 90 during the year 2022 from 98 in the year 2021, and such trend had continued during the 5-month period ended 31 May 2023 where there were only 28 IPOs. In particular, no new listing occurred on GEM during the entire year 2022 and 2023 to-date.

There was also a dearth of rule-based financial advisory activities, especially from January to March 2023 and competition on fee level was intense, resulting in the significant reduction in financial advisory revenue. On a brighter note, the efforts toward expanding the higher margin strategic corporate finance consulting work bore fruit and helped offset the above negative impact as revenue from this segment increased significantly.

### ***Proprietary investments***

As at 31 March 2023, the Group had a portfolio of 26 investment properties in Japan and one investment property in Hong Kong. They contributed rental income of HK\$31.5 million in FY2023. In comparison, the Group had the same portfolio as at 31 March 2022 and they contributed rental income of HK\$36.7 million in FY2022. The revenue decline over the two financial years was due to the weakening of JPY relative to HK\$.

#### *Japan*

A summary of the investment properties in Japan as at 31 March 2023 are as follows:

					Appraised value as at 31 March 2023	Appraised value as at 31 March 2022	Average occupancy in FY2023
Property name	Location	Net rentable area (sq.ft.)	Number of units	JPY million	JPY million	(by revenue)	
1. Ark Palace Hiragishi	Sapporo	14,485	54	434	404	96%	
2. Kitano Machikado GH	Sapporo	1,572	8	43	45	100%	
3. LC One	Sapporo	6,582	26	143	141	88%	
4. Liberty Hills GH	Sapporo	926	8	42	41	100%	
5. Libress Hiragishi	Sapporo	11,554	36	185	184	89%	
6. Nouvelle 98	Sapporo	13,790	38	239	232	90%	
7. Rakuyukan 36	Sapporo	18,046	38	318	316	100%	
8. Relife GH	Sapporo	750	6	34	33	100%	
9. Shinoro House GH	Sapporo	918	6	38	36	100%	
10. South 1 West 18 Building	Sapporo	15,529	37	337	275	93%	

					Appraised value as at 31 March 2023 JPY million	Appraised value as at 31 March 2022 JPY million	Average occupancy in FY2023 (by revenue)
Property name	Location	Net rentable area (sq.ft.)	Number of units				
11. T House	Sapporo	6,751	24		149	147	90%
12. Tommy House Hiragishi	Sapporo	8,782	28		163	163	84%
13. Uruoi Kawanone	Sapporo	15,930	65		680	669	93%
14. White Building A & B	Sapporo	13,523	55		243	239	99%
15. Wisteria-S	Sapporo	5,997	19		149	146	95%
16. City Court Sugunami	Hakodate	13,640	44		209	207	83%
17. Azabu Sendaizaka Hills	Tokyo	12,046	7		1,464	1,460	97%
18. Azabu Juban Crown Building	Tokyo	2,248	5		251	248	90%
19. Residence Motoki	Fukuoka	11,992	12		334	315	100%
20. Wealth Fujisaki	Fukuoka	7,390	10		191	173	94%
21. KD Shinshigai Building	Kumamoto	4,463	3		277	275	79%
22. Rise Shimodori EXE	Kumamoto	14,159	35		516	488	86%
23. Rise Fujisakidai	Kumamoto	13,891	36		397	413	89%
24. Rise Kumamoto Station South	Kumamoto	10,116	20		211	211	96%
25. Rise Shimodori	Kumamoto	13,619	36		445	458	86%
26. Kagoshima Tenmonkan Building	Kagoshima	6,541	1		552	547	100%

Save for Kagoshima Tenmonkan Building and KD Shinshigai Building which are solely used for retail purpose, the investment properties of the Group in Japan are generally for residential purposes.

## *Hong Kong*

The investment property in Hong Kong is an office unit at Duddell Street, Central with saleable area of approximately 2,267 sq.ft.. It had been leased throughout FY2023 and its lease had been renewed in July 2022 for a further term of 3 years and rental rate was reduced slightly by 4% under the new lease. Consequently, there was no material change in rental income contribution from this property in FY2023. This property's appraised value as at 31 March 2023 was HK\$73.0 million.

The Group had a portfolio of securities investments in Hong Kong with market value of approximately HK\$1.0 million as at 31 March 2023. The Group received dividend income of HK\$0.1 million from its securities portfolio in FY2023.

Performance of the Group's real estate portfolio in Japan had improved with average occupancy of 93.2% in FY2023 compared with 91.6% in FY2022. Consequently, rental revenue in JPY terms increased by 1.7% from JPY510 million in FY2022 to JPY518 million in FY2023. Owing to the impact of a weaker JPY, rental income from Japan in HK\$ terms declined from HK\$35.2 million in FY2022 to HK\$30.0 million in FY2023.

In line with our long term investment strategy, during FY2023 the Group carried out improvement works of approximately HK\$5.4 million for value enhancement on a number of properties in Japan, including major renovations on Rise Shimodori and South 1 West 18 Building.

## **Financial Review**

### ***Review of operating results***

A review of certain items of the operating results of the Group are set out below.

### ***Revenue***

The Group recorded revenue of HK\$47.8 million in FY2023 which was 14.2% lower than revenue of HK\$55.7 million in FY2022 due principally to a HK\$2.7 million revenue decline for the corporate finance and other consultancy services business segment. A weaker JPY meanwhile caused proprietary investments revenue in HK\$ terms to decline by 14.2% or HK\$5.2 million lower.

### ***Corporate finance and other consultancy services***

The Group undertook 58 rule-based financial advisory services engagements during FY2023 compared with 69 engagements in FY2022. Revenue from this segment decreased substantially as there was a dearth of rule-based corporate advisory activities, especially from January to March 2023. There were also shifts in nature of such rule-based transactions where for example, there were noticeable fewer privatisation and general offer transactions. This was further aggravated by intense competition on fee levels. Consequently, revenue from financial advisory services declined by 42% from HK\$14.4 million to HK\$8.3 million during FY2023.

Revenue from compliance advisory doubled to HK\$2.4 million as several newly listed companies had engaged the Group as their compliance adviser during the year while several existing clients had continued to engage the Group as compliance adviser beyond the period of mandatory requirement under the listing rules of Hong Kong's Stock Exchange ("**Listing Rules**").

With no clarity and improvement in the Hong Kong IPO market, the Group had not taken on new IPO sponsorship engagement in FY2023 while an ongoing engagement halted during the financial year as the client decided to put off its application in light of unfavourable environment. Consequently, revenue from sponsorship services remained low at HK\$2.0 million in FY2023, similar to the level for FY2022.

The efforts toward expanding the higher margin strategic corporate finance consulting work were reflected in the significant increase in revenue of other corporate advisory services which increased from HK\$1.0 million in FY2022 to HK\$3.6 million in FY2023. These engagements included providing project and investment analysis, litigation support and listing agent services.

#### *Proprietary investments*

Overall occupancy rate of the Group's portfolio in Hong Kong and Japan improved to 93.5% in FY2023 compared with 91.9% in FY2022.

Rental revenue from the Group's Hong Kong commercial property unit remained at HK\$1.5 million as it had been tenanted throughout FY2023 with a nominal downward rental adjustment when the lease was renewed in July 2022.

Rental revenue from the Group's Japan real estate portfolio increased by 1.7% in JPY terms as occupancy rate of the Japan portfolio improved to 93.2% in FY2023 compared with 91.6% in FY2022. In HK\$ term, revenue of Japan real estate portfolio declined by 14.7% from HK\$35.2 million in FY2022 to HK\$30.0 million in FY2023 as JPY had weakened by 16.1% in FY2023 with an average rate of JPY100:HK\$5.79 compared with JPY100:HK\$6.90 in FY2022.

#### *Other income*

Other income increased by HK\$0.5 million from HK\$0.2 million in FY2022 to HK\$0.7 million as a result of government grant received during FY2023. There was no such grant during FY2022.

#### *Net increase in fair value of investment properties*

The Group recorded net increase in fair value of investment properties of HK\$3.9 million in FY2023 on the back of diverging trends for Hong Kong and Japan property markets. The office unit at Duddell Street, Central, Hong Kong recorded a decrease in fair value of HK\$1.0 million, in line with the muted Hong Kong's office market.

Meanwhile, the Group's Japan real estate portfolio recorded net increase in fair value of JPY84.5 million or HK\$4.9 million. The property market in Japan had been buoyant throughout FY2023, spurred by positive market sentiment and a weak JPY relative to other major currencies. Overall, 21 out of the Group's 26 properties recorded higher fair value with more noticeable increases in (i) South 1 West 18 Building which had undergone major renovations; and (ii) Residence Motoki and Wealth Fujisaki, being two properties located in Fukuoka where the market has been experiencing strong capital value growth.

### ***Property expenses***

Property expenses in HK\$ terms had decreased in FY2023 in line with a weaker JPY. Property expenses had decreased at a higher rate of 19.3% than rental income decrease of 15.3% as leasing and advertising expenses and repair and maintenance expenses in Japan were over 50% and 40% lower respectively, in line with lower tenant turnover in FY2023. Leasing and advertising costs are typically incurred to secure new tenants for vacant units, while repair costs are typically incurred to reinstate the conditions of vacant units before being leased out to new tenants.

### ***Administrative and operating expenses***

The Group recorded lower administrative and operating expenses of HK\$22.6 million in FY2023 compared with HK\$26.6 million in FY2022, representing a decrease of HK\$4.0 million or 15.2%. This was mainly due to lower headcount, and hence lower aggregate expenses, on corporate finance staff-related salary, share award and training costs by HK\$3.9 million in FY2023 compared with FY2022. This was generally in line with the overall lower activities and hence the Group's corporate finance and other consultancy services revenue during FY2023.

### ***Finance costs***

Finance costs in FY2023 were largely stable at HK\$4.3 million compared with HK\$4.1 million in FY2022 despite interest rate increases for the Group's borrowings in Hong Kong as the Group's JPY-denominated borrowings in Japan continued to be repaid overtime according to their loan principal repayment schedules and interest costs of JPY-denominated loans had remained low.

A weaker JPY during FY2023 also resulted in JPY-denominated finance costs to be lower when translated into HK\$ reporting currency, in line with our natural foreign currency hedging strategy of matching our JPY-rental income generating property assets with our JPY-denominated borrowings which finance them.

### ***Profit for the year***

The Group's profit after tax increased by HK\$2.8 million to HK\$10.8 million in FY2023 despite close to HK\$8.0 million of revenue decrease. This was mainly underpinned by (i) a reduction in administrative and operating expenses of HK\$4.0 million; and (ii) a net increase in fair value of investment properties of HK\$3.9 million.

Excluding the effects of net increase in fair value of investment properties, the Group remained profitable with underlying profit of HK\$7.0 million in FY2023, notwithstanding a decline of 29% compared with the underlying profit of HK\$9.8 million in FY2022.

### ***Underlying profit for the year***

The table below sets out the profitability of the Group excluding the net effect of fair value changes in the valuation of investment properties and net of deferred taxation charged. Underlying net profit for FY2023 was lower when compared to FY2022 due mainly to lower revenue from corporate finance and other consultancy services and a weaker JPY against HK\$ during FY2023; offset by lower property expenses as well as lower administrative and operating expenses.

	<b>FY2023</b> <b>HK\$,000</b>	FY2022 HK\$,000
Profit for the year attributable to owners of the Company	<b>9,878</b>	6,980
Excluding:		
Net (increase) decrease in fair value of investment properties	<b>(3,891)</b>	666
Net of deferred taxation charged	<b>1,014</b>	2,183
	<hr/>	<hr/>
Adjusted profit for the year	<b>7,001</b>	9,829
	<hr/> <hr/>	<hr/> <hr/>

### **Liquidity, financial resources and capital structure**

The operations of the Group are mainly financed by shareholders' equity, bank loans and cash generated from operations.

	<b>As at</b> <b>31 March</b> <b>2023</b> <b>HK\$'000</b>	As at 31 March 2022 HK\$'000
Current assets	<b>38,862</b>	38,807
Current liabilities	<b>75,437</b>	76,664
Current ratio (times) <sup>(Note 1)</sup>	<b>0.5</b>	0.5
Total debt	<b>161,470</b>	176,645
Total equity	<b>422,305</b>	440,610
Gearing ratio (%) <sup>(Note 2)</sup>	<b>38.2</b>	40.1

#### *Notes:*

1. Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective financial year.
2. Gearing ratio is calculated by dividing total debt by total equity as at the end of the respective financial year.

The Group recorded net current liabilities of approximately HK\$36.6 million as at 31 March 2023 as compared with approximately HK\$37.9 million as at 31 March 2022. It is worthwhile to note that while certain bank borrowings of the Group had contractual maturity of over 12 months as at 31 March 2022 and 2023, as their agreements contain repayment on demand clauses, such bank borrowings are classified as current liabilities.

The Directors are satisfied that the liquidity of the Group can be maintained. Details are set out in note 2 to the consolidated financial statements of this announcement.

The Group's total debt and total equity as at 31 March 2022 and 2023 are shown above, which translated into gearing ratio as at 31 March 2022 of approximately 40.1% and as at 31 March 2023 of approximately 38.2%.

The depreciation of JPY from HK\$6.43 per JPY100 as at 31 March 2022 to HK\$5.90 per JPY100 as at 31 March 2023 had reduced the Group's JPY-denominated assets and liabilities (including debt), and hence equity, in HK\$ terms as at 31 March 2023. In particular, the reduction in debt was also due to the regular loan principal repayments conducted during FY2023.

### ***Cash balance***

As at 31 March 2023, the Group had cash and bank balances amounted to approximately HK\$35.7 million (31 March 2022: approximately HK\$33.2 million) of which approximately HK\$29.4 million was held in JPY deposited in licenced banks in Hong Kong and Japan.

### ***Foreign exchange and interest rate exposures***

The Group manages its foreign exchange exposure by monitoring the matching of the currencies of its debts with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. In FY2023, loans to be serviced by rental income generated from or secured by properties in Japan were denominated in JPY and serviced by income from Japan denominated in JPY; meanwhile, loans secured by properties (for investment and self-occupation) in Hong Kong were serviced by income derived from Hong Kong denominated in HK\$. Due to the weakness of JPY over FY2023, a negative exchange difference arising on translation of foreign operations of approximately HK\$29.4 million was recorded during FY2023 (FY2022: negative exchange difference of approximately HK\$32.1 million).

To mitigate risks associated with fluctuations of interest rates for some of the loans in Japan with variable interest rates, the Group had entered into derivative financial instruments as a means to effectively fix the interest rate. As at 31 March 2023, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK\$8.5 million (31 March 2022: approximately HK\$15.8 million).

### ***Bank borrowings***

Total interest bearing loans of the Group decreased from approximately HK\$176.6 million as at 31 March 2022 to approximately HK\$161.5 million as at 31 March 2023, consisting of borrowings in Hong Kong of approximately HK\$50.0 million (31 March 2022: HK\$51.0 million) and borrowings in Japan of approximately HK\$111.5 million (31 March 2022: HK\$125.6 million). As at 31 March 2023, approximately HK\$71.0 million (31 March 2022: approximately HK\$67.6 million) of interest bearing loans of the Group had variable interest rates.



During FY2023, these loans carried fixed and variable interest rates ranging from 1.08% to 6.83% per annum (FY2022: ranging from 1.08% to 2.85% per annum), comprising borrowings in Hong Kong with variable interest rates ranging from 1.80% to 6.83% per annum (FY2022: 1.86% to 2.66% per annum) and borrowings in Japan with fixed and variable interest rates ranging from 1.08% to 2.85% per annum (FY2022: 1.08% to 2.85% per annum).

Excluding the impact of net change in fair value of investment properties, the underlying interest coverage ratio (being profit before tax adding back finance costs and deducting net increase in fair value of investment properties divided by finance costs) for FY2023 was 3.7 times (FY2022: 4.1 times).

### ***Charges on the assets of the Group***

As at 31 March 2023, (i) both properties in Hong Kong; and (ii) all the properties in Japan (save for Kitano Machikado GH, Liberty Hill GH, Rakuyukan 36, Relife GH and Shinoro House GH), had been charged in favour of banks and financial institutions in Hong Kong and Japan for loans facilities granted to the Group.

### **Capital commitments**

	<b>As at 31 March 2023 HK\$'000</b>	As at 31 March 2022 HK\$'000
Capital expenditure in respect of acquisition of investment properties contracted for but not provided in the consolidated financial statements	<b><u>10,620</u></b>	<u>–</u>

### **Contingent liabilities**

As at 31 March 2023, the Group did not have any significant contingent liabilities (31 March 2022: nil).

### **Event after the reporting period**

On 4 April 2023, the Group completed the acquisition (through Starich Resources Limited, a wholly-owned subsidiary) of an investment property namely Base 1st (the “**Property**”) for rental income and/or capital appreciation purposes at the consideration of JPY190.0 million. The Property is a five-storey building with total floor area of approximately 442.4 square metres, comprising 19 residential units and two car parking units for residential use. The Property was built in 2020 and is located at 1 Chome-10-21, Shimoarata, Kagoshima City, Kagoshima Prefecture, Japan. Details of the Property were disclosed in the Company’s announcements dated 2 March 2023 and 4 April 2023.



## **OUTLOOK AND STRATEGY**

### **Advisory and consulting**

In the past year, we had maintained our leading market position in rule-based financial advisory work, in particular in the area of acting as independent financial advisers to Hong Kong-listed companies for Listing Rules and Takeovers Code-related transactions. Rule-based work provides the Group with market visibility of our services and brand and we will continue with the strategy of maintaining such visibility by being competitive in terms of fee as necessary while providing high quality work.

The Group has received more enquiries for acting as compliance advisers for new listings in recent months. This may indicate increasing market interest and more Hong Kong IPO applications in the coming months. There have also been initiatives on the part of government and regulators, such as a review of the GEM market in Hong Kong, which we are hopeful of reviving attention and positive sentiments towards IPO activities of small-medium enterprises. The Group will continuously assess the situations when embarking on new IPO projects, bearing clients' interests and best use of its human resources in mind.

In the past year, the Group had made some headway in developing its strategic corporate finance consulting work. The strategy going forward shall be to continuously enhance awareness of such services among our clients, especially the Group's large pool of Hong Kong-listed company clients. At the same time, to leverage on our established presence in Hong Kong, to explore new clients such as ASEAN-based companies, which require these services.

### **Proprietary investments**

#### ***Hong Kong***

The existing tenancy of the Group's investment property in Central, Hong Kong runs till July 2024 and can be expected to contribute rental income in the coming financial year.

#### ***Japan***

Underpinned by low interest rates and weaker JPY compared to other major currencies, the Japan real estate market has been experiencing strong capital value growth; in line with the inflationary environment unprecedented in recent decades. Illustrating this trend, land prices in four major regional cities in Japan (Fukuoka, Sapporo, Hiroshima and Sendai) recorded year-on-year growth of 8.6%. The Group has resumed its acquisition activities and completed the acquisition of a residential property in Kagoshima City in April 2023. Subject to availability of financial resources, the Group will continue to look out for opportunities amidst this buoyant market.

Strong land prices signaled another strategy which the Group will explore – the unlocking of value of some of the Group's older properties which sit on land in prime locations. These initiatives may include (i) refurbishment to enhance rental value; (ii) redevelopment to enhance rental and sale value; and (iii) outright sale to buyers who pay significant premium in light of value of land.

The above active strategy and fluctuations of JPY relative to HK\$ aside, we expect operations and revenue contribution from the Group's portfolio properties to remain stable.

## **DIVIDENDS**

In light of the need to exercise financial discipline as mentioned above, the Board does not recommend the payment of any final dividend for FY2023 (FY2022: nil).

## **ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS**

The forthcoming AGM will be held at 9:30 a.m. on Tuesday, 8 August 2023. The register of members of the Company will be closed from Wednesday, 2 August 2023 to Tuesday, 8 August 2023 (the “**Closure Period**”), both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM. During this Closure Period, no transfer of the shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all duly completed transfer forms, accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 1 August 2023.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2023, the Group had 15 staff (31 March 2022: 20). The remuneration policy of the Group takes into consideration the relevant Director’s or member of senior management’s 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, our profit of the Group as a whole and comparable market levels. Apart from salary payments, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

## SHARE AWARDS

During FY2023, the movement of share awards granted are as follows:

Date of deeds of grant	Grantee(s)	Notes	Number of new shares of the Company awarded	Number of respective shares awarded			
				Vested and issued, and lapsed as at 1 April 2022	Vested and issued during FY2023	Lapsed during FY2023	To be vested and issued as at 31 March 2023
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 Grant")	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 Grant")	540,000	900,000	-	-
			2,490,000 (the "2021 Selected Employees Grant")	1,530,000	560,000	400,000	
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 Grant")	-	960,000	-	960,000
			3,820,000 (the "2022 Selected Employees Grant")	-	1,600,000	1,100,000	1,120,000
			13,500,000	4,140,000	5,780,000	1,500,000	2,080,000

### 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 Grant and 2020 Selected Employees Grant (collectively referred to "2020 Share Awards") 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.
- Details of the 2021 Connected Grant and 2021 Selected Employees Grant (collectively referred to "2021 Share Awards") 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.
- Details of the 2022 Connected Grant and 2022 Selected Employees Grant (collectively referred to "2022 Share Awards") 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.

On 5 January 2023, the Board has resolved to award conditionally an aggregate of 240,000 new shares of the Company to two grantees. All the grantees are employees of the Group and are independent third parties. On 13 January 2023, the Company further announced that the aforesaid share awards would be subject to the adoption of a new share scheme at an extraordinary general meeting of the Company to be held in August 2023. A further announcement containing details of the proposed new share scheme will be made by the Company, and a circular containing, amongst other things, details of the new share scheme and the notice of extraordinary general meeting will be despatched to the shareholders of the Company in due course.

## **CORPORATE GOVERNANCE PRACTICES**

The Company recognises the importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all Shareholders and to enhance corporate value and accountability of the Company. The Company has adopted the code provisions set out in the Corporate Governance Code (the “Code”) in Appendix 15 to the GEM Listing Rules.

To the best knowledge of the Board, the Company has complied with all the applicable code provisions that were in force as set out in the Code during FY2023.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During FY2023, 120,000 ordinary shares repurchased in FY2022 had been cancelled on 27 June 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted 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 Dealing”).

Following specific enquiries to all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings during FY2023.

## **AUDIT COMMITTEE**

The Company has established the audit committee (the “Audit Committee”) pursuant to a resolution of the Board passed on 26 September 2016 with written terms of reference in compliance with the Code and Rule 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are (i) to review the relationship with external auditor and to make recommendations to the Board on the appointment and removal of external auditor; (ii) to review the financial statements and render advice in respect of financial reporting; (iii) to oversee internal control procedures and corporate governance of the Group; (iv) to supervise internal control and risk management systems of the Group; and (v) to monitor continuing connected transactions (if any).

The Audit Committee currently consists of all of our three independent non-executive Directors, namely Mr. Chao Tien Yo, Mr. Chan Sun Kwong and Mr. Lee Shu Yin and the chairman is Mr. Chan Sun Kwong, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for FY2023.

## **REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT**

The financial information has been reviewed by the Audit Committee.

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto of the Group for FY2023 as set out in this preliminary announcement have been agreed by the auditor of the Group, SHINEWING (HK) CPA LIMITED, to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by SHINEWING (HK) CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING (HK) CPA LIMITED on this preliminary announcement.

By order of the Board of  
**Altus Holdings Limited**  
**Arnold Ip Tin Chee**  
*Chairman*

Hong Kong, 20 June 2023

*As at the date of this announcement, the executive Directors are Mr. Arnold Ip Tin Chee (Chairman), Mr. Chang Sean Pey and Ms. Leung Churk Yin Jeanny; and the independent non-executive Directors are Mr. Chao Tien Yo, Mr. Chan Sun Kwong and Mr. Lee Shu Yin.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at <http://www.altus.com.hk>.*