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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 2024**

**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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	51,983	47,791
Profit before tax	19,782	15,524
Profit for the year attributable to owners of the Company		
– Reported	12,626	9,878
– Underlying <i>(Note)</i>	8,978	7,001

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	586,300	630,020
Total liabilities	193,331	207,715
Net assets	392,969	422,305

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 2024 (“**FY2024**”), together with the audited comparative figures for the year ended 31 March 2023 (“**FY2023**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 March 2023 and 2024

	<i>NOTES</i>	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Revenue	4	51,983	47,791
Other income	6	615	675
Net increase in fair value of investment properties		6,093	3,891
Changes in fair value of derivative financial liabilities		(1)	17
Property expenses		(9,861)	(10,024)
Administrative and operating expenses		(23,968)	(22,541)
Share of results of an associate		57	14
Finance costs	7	(5,136)	(4,299)
Profit before tax		19,782	15,524
Income tax expense	8	(6,285)	(4,750)
Profit for the year	9	13,497	10,774
Other comprehensive expense for the year			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(43,529)	(29,451)
Share of translation reserve of an associate		(45)	(30)
<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 (“ FVTOCI ”)		(432)	(323)
Other comprehensive expense for the year		(44,006)	(29,804)
Total comprehensive expense for the year		(30,509)	(19,030)

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

For the years ended 31 March 2023 and 2024

	<i>NOTES</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		12,626	9,878
Non-controlling interests		871	896
		<u>13,497</u>	<u>10,774</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(29,438)	(18,920)
Non-controlling interests		(1,071)	(110)
		<u>(30,509)</u>	<u>(19,030)</u>
Earnings per share based on profit attributable to owners of the Company (HK cent)			
	<i>11</i>		
– Basic		<u>1.55</u>	<u>1.22</u>
– Diluted		<u>1.55</u>	<u>1.22</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023 and 2024

	<i>NOTES</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		37,413	38,397
Investment properties		485,805	547,567
Interest in an associate		407	395
Financial assets at fair value through other comprehensive income	<i>12</i>	727	1,159
Club memberships		1,699	1,702
Deferred tax asset		189	1,132
Deposit paid for acquisition of investment property		931	590
Prepayment	<i>13</i>	122	216
		<hr/> 527,293	<hr/> 591,158
Current assets			
Trade and other receivables	<i>13</i>	4,543	3,088
Deposits placed in financial institutions		164	116
Bank balances and cash		45,387	35,658
Assets classified as held for sale		8,913	–
		<hr/> 59,007	<hr/> 38,862
Current liabilities			
Trade and other payables	<i>14</i>	11,339	10,548
Tax payable		6,848	5,729
Secured bank borrowings		56,176	59,160
		<hr/> 74,363	<hr/> 75,437
Net current liabilities		<hr/> (15,356)	<hr/> (36,575)
Total assets less current liabilities		<hr/> 511,937	<hr/> 554,583

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 March 2023 and 2024*

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Secured bank borrowings		90,524	102,310
Derivative financial instruments		–	53
Other payables – tenant deposits – over 1 year	<i>14</i>	835	1,033
Deferred tax liabilities		27,609	28,882
		<hr/> 118,968	<hr/> 132,278
		<hr/> 392,969	<hr/> 422,305
Capital and reserves			
Share capital	<i>15</i>	8,193	8,125
Reserves		371,843	400,008
		<hr/> 380,036	<hr/> 408,133
Equity attributable to owners of the Company		12,933	14,172
Non-controlling interests		<hr/> 392,969	<hr/> 422,305

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Share capital	Share premium	Other reserve	Investment revaluation reserve	Shareholder contribution	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
At 1 April 2023	8,125	74,302	98,819	(957)	11,319	151	(80,670)	297,044	408,133	14,172	422,305
Profit for the year	-	-	-	-	-	-	-	12,626	12,626	871	13,497
Other comprehensive expense for the year											
- Change in fair value of financial assets at FVTOCI	-	-	-	(432)	-	-	-	-	(432)	-	(432)
- Share of translation reserve of an associate	-	-	-	-	-	-	(45)	-	(45)	-	(45)
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(41,587)	-	(41,587)	(1,942)	(43,529)
	-	-	-	(432)	-	-	(41,632)	-	(42,064)	(1,942)	(44,006)
Total comprehensive (expense) income for the year	-	-	-	(432)	-	-	(41,632)	12,626	(29,438)	(1,071)	(30,509)
Vested shares for share awards	68	920	-	-	-	(988)	-	-	-	-	-
Share based payment	-	-	-	-	-	1,341	-	-	1,341	-	1,341
Dividends paid to non-controlling shareholders by subsidiaries	-	-	-	-	-	-	-	-	-	(168)	(168)
At 31 March 2024	8,193	75,222	98,819	(1,389)	11,319	504	(122,302)	309,670	380,036	12,933	392,969

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

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
	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

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 Group's ownership interests 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 2024 and 2023

1. GENERAL

Altus Holdings Limited (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 the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 21 Wing Wo Street, Central, Hong Kong respectively.

The Company is engaged in investment holding and its subsidiaries (collectively referred to as the “**Group**”) are mainly engaged in the provision of corporate finance, asset management 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 (“**TK Investor**”) with Japanese limited liability companies known as tokumei kumiai operators (“**TK 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, Chan Kit Lai, Cecilia and Landmark Trust Switzerland SA, which the beneficiaries of the trust are Arnold Ip Tin Chee and 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\$15,356,000 as at 31 March 2024, the consolidated financial statements as at 31 March 2024 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\$52,988,000 as at 31 March 2024.

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 2024. 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 2024 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 new and amendments to Hong Kong Financial Reporting Standards (“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 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

Except as described below, the application of the new and 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.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group’s financial performance and positions, but has affected the disclosures of accounting policies.

Amendments to HKFRSs issued but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
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 ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

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

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020); Amendments to HKAS 1 – Non-current Liabilities with Covenants

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current issued in 2020 (the “**2020 Amendments**”) clarify the requirements for classifying liabilities as current or non-current. Amendments to HKAS 1 Non-current Liabilities with Covenants issued in 2022 (the “**2022 Amendments**”) further clarify the requirements for classification of non-current liabilities with covenants. The amendments specify that if an entity’s right to defer settlement of a liability is subject to the entity complying with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered as settlement of a liability.

The amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

Based on the Group’s outstanding liabilities as at 31 March 2024, the application of the amendments will not result in change in the classification of the Group’s liabilities.

4. REVENUE

Revenue represents revenue arising from provision of corporate finance, asset management 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Corporate finance, asset management and other consultancy services income (note 10)	21,876	16,330
Revenue from other source		
Rental income for investment properties under operating leases – fixed lease payments (note)	30,107	31,461
	51,983	47,791

Revenue generated from provision of corporate finance, asset management and other consultancy services during the years ended 31 March 2024 and 2023 are recognised over time.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gross rental income from investment properties	30,107	31,461
Direct operating expenses incurred for investment properties that generated rental income during the year (included in property expenses)	(9,861)	(10,024)
Net rental income	20,246	21,437

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 2024 and 2023 and the expected timing of recognition are, as follow:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	1,955	2,123
More than one year	120	75
	2,075	2,198

The above amounts represent revenue expected to be recognised in the future from provision of corporate finance, asset management 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. Reportable segments in the name of “Advisory and consulting” has been modified as “Advisory, consulting and asset management” for FY2024 in line with business development of the Group.

Specifically, the Group’s reportable segments are as follows:

- (i) Advisory, consulting and asset management – provision of (i) regulatory-driven services under corporate finance including sponsorship, financial advisory, compliance advisory and equity capital market consulting; (ii) special situations consulting; and (iii) asset management, and other investment and 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 2024

	Advisory, consulting and asset management	Proprietary investments	Total
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
REVENUE			
External revenue and segment revenue	21,876	30,107	51,983
RESULT			
Segment profit	12,630	22,149	34,779
Other income and expenses, net			(12,154)
Share of results of an associate			57
Finance costs			(2,900)
Profit before tax			19,782

For the year ended 31 March 2023

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

The accounting policies of the operating segments are the same as the Group's accounting policies. 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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Advisory, consulting and asset management	3,292	1,623
Proprietary investments	497,531	550,625
Total segment assets	500,823	552,248
Unallocated	85,477	77,772
Total assets	586,300	630,020

Segment liabilities

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Advisory, consulting and asset management	1,193	545
Proprietary investments	115,305	121,610
Total segment liabilities	116,498	122,155
Unallocated	76,833	85,560
Total liabilities	193,331	207,715

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, consulting and asset management and proprietary investments segments is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Advisory, consulting and asset management		
Sponsorship services	920	2,022
Financial advisory services	12,955	8,340
Compliance advisory services	2,294	2,361
Asset management and other consultancy services	5,707	3,607
	21,876	16,330
Proprietary investments		
Rental income	30,107	31,461
	51,983	47,791

Composition of the Group's advisory and consulting segments has evolved over the years. To better reflect the types of services in this segment, the CODM has decided to make certain reclassification as follows which the Group will adopt going forward.

	2024 HK\$'000	2023 <i>HK\$'000</i>
Advisory, consulting and asset management		
Regulatory-driven	16,882	14,107
Special situation consulting	4,748	2,187
Asset management and others	246	36
	21,876	16,330
Proprietary investments		
Rental income	30,107	31,461
	51,983	47,791

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	
	2024 HK\$'000	2023 <i>HK\$'000</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Hong Kong	23,316	17,785	106,413	111,397
Japan	28,667	30,006	417,736	475,157
	51,983	47,791	524,149	586,554

During the years ended 31 March 2024 and 2023, there was no single customer contributing over 10% of the Group's total revenue.

6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	240	89
Gain on disposal of an investment property	31	–
Dividend income from financial assets at FVTOCI	48	67
Reversal of impairment loss of trade receivables (<i>note 13</i>)	–	23
Government grants (<i>note i</i>)	280	496
Other	16	–
	<u>615</u>	<u>675</u>

Note:

- (i) During the year ended 31 March 2024, the government grants of HK\$280,000 represented the receipt from the grant scheme provided by the Government of the Hong Kong Special Administrative Region to provide subsidies for qualified open-ended fund companies to set up in Hong Kong. There are no unfulfilled conditions and other contingencies related to receipts of these grants.

During the year ended 31 March 2023, the government grants included the amount of HK\$462,000 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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interests on secured bank borrowings	<u>5,136</u>	<u>4,299</u>

8. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Japanese Corporate Income Tax	271	284
Japanese Withholding Tax	<u>2,724</u>	<u>1,722</u>
	2,995	2,006
Over provision in prior years:		
Hong Kong Profits Tax	–	(31)
Deferred taxation	<u>3,290</u>	<u>2,775</u>
	<u>6,285</u>	<u>4,750</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 2024 and 2023.

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 2024 and 2023. 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 2024 and 2023.

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):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Staff cost, excluding directors' emoluments:		
– Salaries, bonus and other benefits	9,648	8,826
– Contributions to retirement benefits scheme	207	246
– Share based payments – shares awards	1,341	897
	<hr/>	<hr/>
Total staff costs excluding directors' emoluments	11,196	9,969
	<hr/> <hr/>	<hr/> <hr/>
Directors' remuneration	3,651	3,686
Auditors' remuneration	660	660
Depreciation of property, plant and equipment	1,027	1,022
Impairment loss (reversal of impairment loss) of trade receivables, net	41	(23)
Net exchange (gain) loss	(268)	644
	<hr/> <hr/>	<hr/> <hr/>

10. DIVIDENDS

At a meeting held on 27 June 2024, the Board proposed to recommend to the Annual General Meeting (“AGM”) on 8 August 2024 a final dividend of HK\$0.08 cent per ordinary share for the year ended 31 March 2024 amounting to HK\$655,440. This proposed final dividend is not reflected as a dividend payable in these financial statements, but will be reflected in the movement of retained profits for the year ending 31 March 2025.

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.

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

	2024 <i>HKD'000</i>	2023 <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>12,626</u>	<u>9,878</u>

Number of shares

	2024 <i>'000</i>	2023 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>note</i>)	814,131	808,017
Effect of dilutive potential ordinary shares:		
Share awards	<u>1,766</u>	<u>4,208</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>815,897</u>	<u>812,225</u>

Note: During the year ended 31 March 2024, the Company issued 6,800,000 (2023: 5,780,000) ordinary shares to the relevant employees upon vesting of share awards.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Equity instruments designated at FVTOCI		
– Listed	727	1,011
– Unlisted	<u>–</u>	<u>148</u>
Total	<u>727</u>	<u>1,159</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Receivables at amortised cost comprise:		
Trade receivables (<i>note</i>)	3,174	1,449
Less: allowances for impairment of trade receivables	(41)	(3)
	<u>3,133</u>	<u>1,446</u>
Other receivables and prepayment	1,532	1,858
	<u>4,665</u>	<u>3,304</u>

Note: As at 31 March 2024, lease receivables amounting to approximately HK\$101,000 (2023: HK\$16,000) were included in trade receivables. The remaining balances of approximately HK\$3,073,000 (2023: HK\$1,433,000) represented the trade receivables arising from contracts with customers.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Analysed for reporting purpose:		
Current portion	4,543	3,088
Non-current portion	122	216
	<u>4,665</u>	<u>3,304</u>

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 period.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	1,374	195
More than 30 but within 60 days	45	17
More than 60 but within 90 days	1,614	390
More than 90 but within 180 days	100	844
	<u>3,133</u>	<u>1,446</u>

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

	2024 HK\$'000	2023 <i>HK\$'000</i>
Balance at the beginning of the year	3	131
Impairment loss recognised	41	–
Reversal of impairment loss	–	(23)
Amounts written off as uncollectible	–	(102)
Exchange realignment	(3)	(3)
	<hr/>	<hr/>
Balance at the end of the year	41	3
	<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 2024, certain receivables were considered unrecoverable and in default, approximately HK\$41,000 of lifetime ECL-credit impaired was recognised (2023: HK\$23,000 had been recovered with the debtor having settled such amount in cash).

As at 31 March 2024, the allowances for impairment of trade receivables of approximately HK\$41,000 (2023: HK\$3,000) were made for trade receivables that are considered as credit impaired.

As there was no realistic prospect of recovery of the trade receivables, the Group has written off of approximately HK\$102,000 (2024: nil) 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:

	2024 HK\$'000	2023 <i>HK\$'000</i>
Deposits	77	78
Prepayments	1,273	1,528
Other receivables	182	252
	<hr/>	<hr/>
	1,532	1,858
	<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 2024 and 2023 as there has not been a significant change in the credit risk since initial recognition.

14. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	87	114
Other payables (<i>note</i>)	12,087	11,467
	<u>12,174</u>	<u>11,581</u>

Analysed for reporting purposes:

Current portion	11,339	10,548
Non-current portion	835	1,033
	<u>12,174</u>	<u>11,581</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.

Note:

For the year ended 31 March 2024, rental deposits of approximately HK\$5,875,000 (2023: approximately HK\$6,783,000) and rental received in advance of approximately HK\$1,743,000 (2023: approximately HK\$1,857,000) are included in other payables.

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 2022, 31 March 2023, 1 April 2023 and 31 March 2024	5,000,000,000	50,000
<i>Issued and fully paid:</i>		
At 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 and 1 April 2023	812,500,000	8,125
Share allotted (<i>note i</i>)	6,800,000	68
	<u>819,300,000</u>	<u>8,193</u>
At 31 March 2024	<u>819,300,000</u>	<u>8,193</u>

Notes:

- (i) These new shares rank pari passu with the existing shares in all respects.
- (ii) 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	2024	2023
			HK\$'000	HK\$'000
KK Ascent Plus	Associate	Asset management fee paid	564	600
		Guarantee fee paid	309	249
			564	849

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 2024, the bank borrowings of HK\$34,618,000 (2023: HK\$29,990,000) 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:

	2024	2023
	HK\$'000	HK\$'000
Short-term benefits	6,755	6,582
Share based payments	779	546
Post-employment benefits	103	113
	7,637	7,241

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure in respect of acquisition of investment properties contracted for but not provided in the consolidated financial statements	8,375	10,620

18. EVENTS AFTER THE REPORTING PERIOD

As set out in the announcement of the Company dated 13 March 2024, the Group entered into a sale and purchase agreement (through Yugen Kaisha Hourei, the TK Operator of a TK Arrangement under Starich Resources Limited which is indirectly wholly owned by the Company) to dispose an investment property in Sapporo City, Japan for a cash consideration of JPY178.0 million (equivalent to approximately HK\$9.2 million). The investment property which is expected to be sold within twelve months, has been classified as assets held for sale and disclosed under current assets in the consolidated statement of financial position at its fair value of approximately JPY172.4 million (equivalent to approximately HK\$8.9 million). On 19 April 2024, the aforesaid disposal was completed.

OPERATION REVIEW AND FINANCIAL REVIEW

Review of operations

The Group focuses on corporate finance, asset management and other consultancy services and proprietary investments.

In respect of corporate finance, asset management and other consultancy services, the Group primarily offers sponsorship, financial advisory, compliance advisory, equity capital market consulting, special situations consulting, asset management 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's profitability improved during FY2024, underpinned by higher income from corporate finance, asset management and other consultancy services. This was also despite a weakening of Japanese Yen ("JPY") during FY2024 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 increased by 28.2% to HK\$9.0 million in FY2024 compared with HK\$7.0 million in FY2023 mainly due to an 8.8% increase in revenue to HK\$52.0 million in FY2024 from HK\$47.8 million in FY2023 while overall expenses had increased at a lesser extent. Reported net profit attributable to owners of the Company was higher at HK\$12.6 million in FY2024 compared to HK\$9.9 million in FY2023 boosted by net increase in fair value of the Group's investment properties in Japan.

Corporate finance, asset management, and other consultancy services

The Group's corporate finance services generally consist of provision of financial or independent financial advice, sponsorship and compliance advisory services, and acting as listing agent, to companies and funds listed or seeking listing on the Stock Exchange. These services typically involve transactions driven by requirements of regulations such as the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and the Code on Takeovers and Mergers and Share Buy-backs ("**Takeovers Code**"). The Group's other consultancy services generally consist of special situations work relating to litigation support, financial due diligence and valuation or merger and acquisition consulting.

A breakdown of revenue in FY2024 and FY2023 based on (i) specific service types such as sponsorship, financial or compliance advisory and other consultancy; and (ii) service nature such as regulatory-driven advisory or special situation consulting, is as follows:

	For the year ended 31 March					
	2024			2023		
	Revenue <i>HK\$'000</i>	%	Number of active engagements	Revenue <i>HK\$'000</i>	%	Number of active engagements
Sponsorship	920	4%	1	2,022	12%	1
Financial advisory	12,955	59%	71	8,340	51%	58
Compliance advisory	2,294	11%	8	2,361	15%	7
Asset management and other consultancy services	5,707	26%	11	3,607	22%	23
Total	21,876	100%	91	16,330	100%	89

	For the year ended 31 March					
	2024			2023		
	Revenue <i>HK\$'000</i>	%	Number of active engagements	Revenue <i>HK\$'000</i>	%	Number of active engagements
Regulatory-driven	16,882	77%	85	14,107	86%	84
Special situation consulting	4,748	22%	4	2,187	14%	3
Asset management and others	246	1%	2	36	-%	2
Total	21,876	100%	91	16,330	100%	89

Revenue from corporate finance, asset management and other consultancy services was 34.0% higher at HK\$21.9 million in FY2024 compared to the previous financial year due principally to higher level of activities for regulatory-driven financial advisory work both in term of higher number of transactions and higher fee per transaction on average. At the same time, while the number of other consultancy services reduced, the Group undertook several transactions which were of higher value due to their complexity and project length. It is noted that the aforesaid 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. Consequently, for these lengthier projects, there may be fluctuations in their revenue contribution from period to period.

Proprietary investments

During FY2024, the Group acquired two residential properties, namely Base 1st in Kagoshima City and Yuinoie Shinkawanishi in Sapporo City, and disposed of a residential property, namely Nouvelle 98 in Sapporo City, as part of its portfolio optimisation plan.

As at 31 March 2024, the Group had a portfolio of 27 investment properties in Japan and one investment property in Hong Kong. They contributed rental income of HK\$30.1 million in FY2024. In comparison, the Group had 26 investment properties in Japan and one investment property in Hong Kong as at 31 March 2023 and they contributed rental income of HK\$31.5 million in FY2023. 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 2024 are as follows:

				Appraised value as at 31 March 2024	Appraised value as at 31 March 2023	Average occupancy in FY2024 (by revenue)
Property name	Location	Net rentable area (sq.ft.)	Number of units	JPY million	JPY million	
1. Ark Palace Hiragishi	Sapporo	14,485	54	436	434	94%
2. Kitano Machikado GH	Sapporo	1,572	8	43	43	100%
3. LC One	Sapporo	6,582	26	144	143	92%
4. Liberty Hills GH	Sapporo	926	8	42	42	100%
5. Libress Hiragishi	Sapporo	11,554	36	187	185	93%
6. Nouvelle 98 ^(Note 1)	Sapporo	13,790	38	–	239	94%
7. Rakuyukan 36	Sapporo	18,046	38	320	318	100%
8. Relife GH	Sapporo	750	6	34	34	100%
9. Shinoro House GH	Sapporo	918	6	38	38	100%
10. South 1 West 18 Building	Sapporo	15,529	37	344	337	98%

Property name	Location	Net rentable area (sq.ft.)	Number of units	Appraised value as at 31 March 2024 JPY million	Appraised value as at 31 March 2023 JPY million	Average occupancy in FY2024 (by revenue)
11. T House	Sapporo	6,751	24	151	149	92%
12. Tommy House Hiragishi ^(Note 5)	Sapporo	8,782	28	163	163	84%
13. Uruoi Kawanone	Sapporo	15,930	65	680	680	97%
14. White Building A & B	Sapporo	13,523	55	244	243	99%
15. Wisteria-S ^(Note 4)	Sapporo	5,997	19	172	149	100%
16. City Court Suginami	Hakodate	13,640	44	209	209	84%
17. Azabu Sendaizaka Hills	Tokyo	12,046	7	1,530	1,464	97%
18. Azabu Juban Crown Building	Tokyo	2,248	5	254	251	100%
19. Residence Motoki	Fukuoka	11,992	12	341	334	98%
20. Wealth Fujisaki	Fukuoka	7,390	10	198	191	100%
21. KD Shinshigai Building	Kumamoto	4,463	3	283	277	96%
22. Rise Shimodori EXE	Kumamoto	14,159	35	531	516	95%
23. Rise Fujisakidai	Kumamoto	13,891	36	405	397	91%
24. Rise Kumamoto Station South	Kumamoto	10,116	20	214	211	91%
25. Rise Shimodori	Kumamoto	13,619	36	460	445	95%
26. Kagoshima Tenmonkan Building	Kagoshima	6,541	1	565	552	100%
27. Base 1st ^(Note 2)	Kagoshima	4,762	19	191	–	93%
28. Yuinoie Shinkawanishi ^(Note 3)	Sapporo	2,248	10	56	–	N/A

Notes:

1. This property was disposed of in November 2023.
2. This property was acquired in April 2023.
3. This property was acquired in February 2024 and leasing activities commenced in April 2024.
4. This property was disposed of in April 2024.
5. As part of the Group's portfolio optimisation plan, it is intended that this property will be demolished and redeveloped. The Group is in the midst of the process of vacating existing tenants for this purpose and occupancy rate will progressively decline as a result,

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 FY2024. This property's appraised value as at 31 March 2024 was HK\$69.0 million.

The Group had an investment portfolio consisting of Hong Kong-listed securities with market value of HK\$0.7 million as at 31 March 2024. Dividend income of HK\$48,000 was received from this portfolio in FY2024.

Operational performance of the Group's real estate portfolio in Japan had improved with average occupancy of 95.4% in FY2024 compared with 93.2% in FY2023. Consequently, rental income from Japan in JPY terms increased by 2.8% from JPY518 million in FY2023 to JPY533 million in FY2024. Notwithstanding this, owing to the impact of a weaker JPY, rental income from Japan in HK\$ terms declined from HK\$30.0 million in FY2023 to HK\$28.7 million in FY2024.

During FY2024, no significant improvement works was conducted on the Group's investment properties.

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\$52.0 million in FY2024 which was 8.8% higher than revenue of HK\$47.8 million in FY2023 due principally to a HK\$5.5 million revenue increase for the corporate finance, asset management and other consultancy services business segment. Meanwhile, a weaker JPY which affected rental income from Japan caused proprietary investments revenue in HK\$ terms to decline by 4.5% or HK\$1.3 million lower.

Corporate finance, asset management and other consultancy services

The Group undertook 85 regulatory-driven services engagements during FY2024 compared with 84 engagements in FY2023. As the Group undertook several transactions which were of higher value due to their complexity and project length, such as those relating to financial advisory for Takeovers Code-related transactions, revenue from regulatory-driven services increased by 20% from HK\$14.1 million to HK\$16.9 million during FY2024.

The efforts toward expanding the higher margin strategic and special situation consulting work were reflected in the increase in revenue of special situation consulting which increased from HK\$2.2 million in FY2023 to HK\$4.7 million in FY2024. These engagements included providing litigation support and financial due diligence services.

Proprietary investments

Overall occupancy rate of the Group's portfolio in Hong Kong and Japan improved to 95.6% in FY2024 compared with 93.5% in FY2023.

Rental revenue from the Group's Hong Kong commercial property unit remained at HK\$1.5 million which is at the same level as FY2023.

Rental revenue from the Group's Japan real estate portfolio increased by 2.8% in JPY terms as occupancy rate improved to 95.4% in FY2024 compared with 93.2% in FY2023. In HK\$ term, revenue of Japan real estate portfolio declined by 4.5% from HK\$30.0 million in FY2023 to HK\$28.7 million in FY2024 as JPY had weakened by 7.1% in FY2024 with an average rate of JPY100: HK\$5.38 compared with JPY100:HK\$5.79 in FY2023.

Other income

Other income decreased by HK\$0.1 million from HK\$0.7 million in FY2023 to HK\$0.6 million.

The Group disposed of a residential property Nouvelle 98 in Sapporo City in November 2023 as part of its portfolio optimisation plan as, given its age, this property would have required substantial capital expenditure to maintain its competitiveness in the leasing market. The property would also not be suitable for redevelopment as the shape of the land it sits on is not optimal. The disposal had allowed the Group to realise its investment in the property at a level similar to its carrying value and fair value, and substantially higher than the Group's original acquisition cost in 2004. The Group recorded a gain on disposal of HK\$0.1 million from this disposal which is classified under "Other income".

Net increase in fair value of investment properties

The Group recorded overall net increase in fair value of investment properties of HK\$6.1 million in FY2024 on the back of diverging trends for the Hong Kong and Japan property markets.

The office unit at Duddell Street, Central, Hong Kong recorded a decrease in fair value of HK\$4.0 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 JPY166.2 million or HK\$10.1 million.

The property market in Japan had been buoyant throughout FY2024, spurred by positive market sentiment and a weak JPY relative to other major currencies. Overall, 26 out of the Group's 27 properties recorded higher fair value with more noticeable increases in (i) Azabu Sendaizaka Hills which is located in Tokyo; and (ii) Residence Motoki and Wealth Fujisaki which are located in Fukuoka City.

Property expenses

Property expenses in HK\$ terms had decreased in FY2024 in line with a weaker JPY. Property expenses had decreased at a lesser extent of 1.6% compared with a decrease of 4.5% in rental income due mainly to (i) incurrence of higher repair and maintenance expenses for certain properties in Japan; and (ii) higher consumption tax amount paid relating to the disposal of Nouvelle 98.

Administrative and operating expenses

The Group recorded higher administrative and operating expenses of HK\$24.0 million in FY2024 compared with HK\$22.6 million in FY2023, representing an increase of HK\$1.4 million or 6.3%. This was due to a combination of the following:

- (i) higher staff-related salary expenses due to payments of revenue-linked remuneration in line with higher revenue from corporate finance, asset management and other consultancy services;
- (ii) higher share award-related expenses as part of the Group's staff retention initiative;
- (iii) higher travelling expenses in line with increased business activities;
- (iv) lower bank charges and sundry expenses for Japan operations; and
- (v) exchange gain of HK\$0.3 million in FY2024 compared with exchange loss of HK\$0.6 million in FY2023 being recorded.

Finance costs

Finance costs increased in FY2024 to HK\$5.1 million compared with HK\$4.3 million in FY2023 mainly due to higher interest rates for the Group's HK\$ borrowings. Interest rates of the Group's JPY-denominated loans had remained stable and relatively low.

A weaker JPY during FY2024 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\$2.7 million to HK\$12.6 million in FY2024 in line with higher revenue and a net increase in fair value of the Group's investment properties.

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 FY2024 was higher when compared to FY2023 due mainly to higher revenue from corporate finance, asset management and other consultancy services; with the increase offset by higher administrative and operating expenses and finance costs.

	FY2024 HK\$'000	FY2023 HK\$'000
Profit for the year attributable to owners of the Company	12,626	9,878
Excluding:		
Net increase in fair value of investment properties	(5,627)	(3,891)
Net of deferred taxation charged	1,979	1,014
	<hr/>	<hr/>
Adjusted profit for the year attributable to owners of the Company	8,978	7,001
	<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.

	As at 31 March 2024 HK\$'000	As at 31 March 2023 HK\$'000
Current assets	59,007	38,862
Current liabilities	74,363	75,437
Current ratio (times) ^(Note 1)	0.8	0.5
Total debt	146,700	161,470
Total equity	392,969	422,305
Gearing ratio (%) ^(Note 2)	37.3	38.2

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 HK\$15.4 million as at 31 March 2024 as compared with HK\$36.6 million as at 31 March 2023 as the Group's current assets (such as bank balances and cash, trade receivables and an asset classified as held for sale) were higher as at 31 March 2024 while bank borrowings were lower following progressive repayment. Bank balances and cash was higher as a result of proceeds received from the disposal of Nouvelle 98 and the higher trade receivables were in line with increased business volume. Details of the asset classified as held for sale can be found in the section headed "Events after the reporting period" below.

It is worthwhile to note that while certain bank borrowings of the Group (in particular those in Hong Kong) had contractual maturity of over 12 months as at 31 March 2023 and 2024, 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 has been improved. 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 2023 and 2024 are shown above, which translated into an improved gearing ratio of 38.2% as at 31 March 2023 to 37.3% as at 31 March 2024.

The depreciation of JPY from HK\$5.90 per JPY100 as at 31 March 2023 to HK\$5.17 per JPY100 as at 31 March 2024 had reduced the Group's JPY-denominated assets and liabilities (including debt), and hence equity, in HK\$ terms as at 31 March 2024. In particular, the reduction in debt was also due to the regular loan principal repayments conducted during FY2024.

Cash balance

As at 31 March 2024, the Group had cash and bank balances amounted to HK\$45.4 million (31 March 2023: HK\$35.7 million) of which HK\$37.9 million (31 March 2023: 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 FY2024, 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 FY2024, a negative exchange difference arising on translation of foreign operations of HK\$43.5 million was recorded during FY2024 (FY2023: negative exchange difference of HK\$29.4 million).

To mitigate risks associated with fluctuations of interest rates for some of the loans in Japan with variable interest rates, the Group had in the past entered into derivative financial instruments as a means to effectively fix the interest rate. Such derivative financial instruments had expired during FY2024, and as at 31 March 2024, there was no such loan outstanding (31 March 2023: HK\$8.5 million).

Bank borrowings

Total interest bearing loans of the Group decreased from HK\$161.5 million as at 31 March 2023 to HK\$146.7 million as at 31 March 2024. They consisted of borrowings in Hong Kong of HK\$48.0 million (31 March 2023: HK\$50.0 million) and borrowings in Japan of HK\$98.7 million (31 March 2023: HK\$111.5 million). As at 31 March 2024, HK\$78.6 million (31 March 2023: HK\$71.0 million) of interest bearing loans of the Group had variable interest rates.

During FY2024, these loans carried fixed and variable interest rates ranging from 1.09% to 7.60% per annum (FY2023: ranging from 0.83% to 6.83% per annum), comprising borrowings in Hong Kong with variable interest rates ranging from 1.80% to 7.60% per annum (FY2023: 1.80% to 6.83% per annum) and borrowings in Japan with fixed and variable interest rates ranging from 1.09% to 2.85% per annum (FY2023: 0.83% 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 and divided by finance costs) for FY2024 was 3.7 times (FY2023: 3.7 times).

Charges on the assets of the Group

As at 31 March 2024, (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, Shinoro House GH and Yuinoie Shinkawanishi), had been charged in favour of banks and financial institutions in Hong Kong and Japan for loans facilities granted to the Group.

Capital commitments

	As at 31 March 2024 HK\$'000	As at 31 March 2023 HK\$'000
Capital expenditure in respect of acquisition of investment properties contracted for but not provided in the consolidated financial statements	8,375	10,620

Contingent liabilities

As at 31 March 2024, the Group did not have any significant contingent liabilities (31 March 2023: nil).

Material acquisition and disposal of subsidiaries, associates and joint ventures

During FY2024, the Company did not conduct any material acquisition and disposal of subsidiaries, associates and joint ventures.

Future plans for material investments and capital assets

On 20 December 2023, the Group entered into a sale and purchase agreement (through Godo Kaisha Bohol, the TK Operator of a TK Arrangement under Smart Tact Property Investment Limited which is owned as to 90% by the Company indirectly and 10% by Mr. Henry Shih (“**Mr. Shih**”) to acquire a residential property in Sapporo City, Japan for a cash consideration of JPY180.0 million (equivalent to HK\$9.8 million). It is expected that the acquisition will be funded by the Group’s existing financial resources and bank borrowings, as well as contribution from Mr. Shih according to his 10% effective equity interest. The completion of the acquisition is scheduled on 1 November 2024. For details of the acquisition, please refer to the announcements of the Company dated 20 December 2023 and 1 March 2024.

Saved as disclosed in the above and this announcement, the Group did not have any plan for material investments and capital assets as at 31 March 2024.

Events after the reporting period

As set out in the announcement of the Company dated 13 March 2024, the Group entered into a sale and purchase agreement (through Yugen Kaisha Hourei, the TK Operator of a TK Arrangement under Starich Resources Limited which is indirectly wholly owned by the Company) to dispose of Wisteria-S, an investment property in Sapporo City, Japan, for a cash consideration of JPY178.0 million (equivalent to HK\$9.2 million). The investment property which is expected to be sold within twelve months has been classified as asset held for sale and disclosed under current assets in the consolidation Statement of financial position at its fair value of approximately JPY172.4 million (equivalent of approximately HK\$8.9 million). On 19 April 2024, the aforesaid disposal was completed.

OUTLOOK AND STRATEGY

Advisory, consulting and asset management

Our practical approach of being competitive in terms of fee as necessary while providing high quality work had allowed the Group to maintain a leading market position in regulatory-driven 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.

We have also made encouraging progress in special situation consulting work as we strived to establish our brand name and presence in the area of litigation support and merger and acquisition consulting.

Looking ahead, there has been uptick of both IPOs and privatisation activities in the Hong Kong stock market in recent months, giving mixed signals on the perception of HKEx as a preferred destination for listing and fund raising. We are nevertheless confident of Hong Kong's historical role as an intermediary between China and the global community and will adapt and adjust our business strategy.

We had undertaken over 80 regulatory-driven financial advisory work in each of the past two years and will continue to affirm our position in this area. Such projects are however typically of lower monetary value for each engagement and have shorter project time frame. The level of activities is also, to a large extent, dependent on market sentiment and susceptible to intense price competition, resulting in fluctuations in the Group's potential revenue stream from period to period.

Proprietary investments

Hong Kong

The existing tenancy of the investment property in Central, Hong Kong will end in July 2024. Market research on offices in Central area points towards an oversupply situation which has adversely affected both rental rate and occupancy rate. The Group will have to adopt a practical approach when seeking new tenant for this investment property by offering competitive leasing terms.

Japan

The interest rate differential between JPY and other major currencies has resulted in significant depreciation in the value of JPY in the past year. The Japanese economy is however fundamentally sound, spurred by among others, a revived tourism industry and its growing significance in the global semiconductor value chain. The Japan real estate market has also continued its growth path, as reflected in the general increase in fair value of the Group's portfolio.

In the coming year, the Group plans to continue with its portfolio optimisation plan of (i) disposing of less optimal properties such as those which have lower redevelopment potential; (ii) refurbishing or redeveloping older properties that sit on prime land; and (iii) acquisitions of properties with stable operations and capital appreciation potential. Subject to availability of financial resources, the Group will continue to look out for opportunities amidst this buoyant market.

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

DIVIDENDS

The Board recommends a final dividend of Hong Kong 0.08 cent (2023: nil) per share of the Company for the year ended 31 March 2024. The proposed final dividend, if approved at the forthcoming annual general meeting of the Company (“AGM”), will be payable on Wednesday, 25 September 2024 to the shareholders of the Company (“Shareholders”) whose names appear on the register of members of the Company on Wednesday, 4 September 2024. Shares of the Company will be traded ex-dividend as from Wednesday, 28 August 2024.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM will be held at 11:00 a.m. on Thursday, 8 August 2024. The register of members of the Company will be closed from Friday, 2 August 2024 to Thursday, 8 August 2024 (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 Thursday, 1 August 2024.

The register of members of the Company will also be closed from Friday, 30 August 2024 to Wednesday, 4 September 2024, both days inclusive, during which period no transfer of shares will be registered. Subject to the approval by the Shareholders of the proposed final dividend at the AGM, the final dividend will be paid on Wednesday, 25 September 2024 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 4 September 2024. For the entitlement to the proposed final dividend, 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, no later than 4:30 p.m. on Thursday, 29 August 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 18 staff (31 March 2023: 15). 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 GRANTED UNDER SEPARATE SHAREHOLDERS’ APPROVAL IN GENERAL MEETING HELD ON 8 AUGUST 2022 AND PRIOR TO THE ADOPTION OF THE 2023 SHARE SCHEME

During FY2024, the movement of share awards granted are as follows:

Date of deed/letter of grant	Grantee(s)	Notes	Number of new shares of the Company awarded	Number of respective shares awarded			To be vested and issued as at 31 March 2024
				Vested and issued, and lapsed as at 1 April 2023	Vested and issued during FY2024	Lapsed during FY2024	
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, 2	1,920,000 (the “2022 Connected Grant”)	960,000	960,000	-	-
			3,820,000 (the “2022 Selected Employees Grant”)	2,700,000	960,000	160,000	-
			5,740,000	3,660,000	1,920,000	160,000	-

Notes:

1. 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 the extraordinary general meeting of the Company held on 8 August 2022.
2. Both of two then executive directors of a wholly-owned subsidiary of the Group relinquished such directorship on 5 July 2023.

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 “**CG Code**”) as contained in Appendix C1 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 CG Code during FY2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During FY2024, 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 FY2024.

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 CG 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 FY2024.

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 consolidated statement of changes in equity, and the related notes thereto of the Group for FY2024 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 draft 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 and Executive Director

Hong Kong, 27 June 2024

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 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 www.altus.com.hk.