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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 2022**

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

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

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

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

FINANCIAL HIGHLIGHTS

For the year ended 31 March

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	55,709	59,266
Profit before tax	12,148	11,790
Profit for the year attributable to owners of the Company		
– Reported	6,980	6,294
– Underlying <i>(Note)</i>	9,829	12,686

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	663,240	713,478
Total liabilities	222,630	249,315
Net assets	440,610	464,163

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 2022 (“**FY2022**”), together with the audited comparative figures for the year ended 31 March 2021 (“**FY2021**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 March 2021 and 2022

	Notes	2022 HK\$’000	2021 HK\$’000
Revenue	4	55,709	59,266
Other income	6	158	2,025
Net decrease in fair value of investment properties		(666)	(4,065)
Changes in fair value of derivative financial liabilities		49	(79)
Property expenses		(12,429)	(13,636)
Administrative and operating expenses		(26,571)	(27,111)
Share of results of an associate		(7)	27
Finance costs	7	(4,095)	(4,637)
Profit before tax		12,148	11,790
Income tax expense	8	(4,168)	(4,664)
Profit for the year	9	7,980	7,126
Other comprehensive (expense) income for the year			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(32,166)	(8,309)
Share of translation reserve of an associate		(1)	(1)
<i>Items 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 ”)		(142)	133
Other comprehensive expense for the year		(32,309)	(8,177)
Total comprehensive expense for the year		(24,329)	(1,051)

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

For the years ended 31 March 2021 and 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		6,980	6,294
Non-controlling interests		1,000	832
		<u>7,980</u>	<u>7,126</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(24,484)	(1,532)
Non-controlling interests		155	481
		<u>(24,329)</u>	<u>(1,051)</u>
		<i>HK cent</i>	<i>HK cent</i>
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)			
– Basic	<i>11</i>	<u>0.87</u>	<u>0.79</u>
– Diluted	<i>11</i>	<u>0.86</u>	<u>0.78</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share excluding the net effect of fair value changes of investment properties, net of deferred taxation charged (underlying earnings per share)			
– Basic	<i>11</i>	<u>1.22</u>	<u>1.58</u>
– Diluted	<i>11</i>	<u>1.21</u>	<u>1.57</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 and 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		39,405	40,377
Investment properties		579,803	626,178
Interest in an associate		411	419
Financial assets at FVTOCI	<i>13</i>	1,482	1,624
Club memberships		1,716	1,718
Deferred tax asset		1,505	1,505
Prepayment	<i>14</i>	111	167
		<hr/> 624,433	<hr/> 671,988
Current assets			
Trade and other receivables	<i>14</i>	4,148	5,337
Deposits placed in financial institutions		1,456	1,367
Bank balances and cash		33,203	34,786
		<hr/> 38,807	<hr/> 41,490
Current liabilities			
Trade and other payables	<i>15</i>	11,330	12,293
Tax payable		4,538	4,277
Secured bank borrowings		60,796	64,726
		<hr/> 76,664	<hr/> 81,296
Net current liabilities		<hr/> (37,857)	<hr/> (39,806)
Total assets less current liabilities		<hr/> 586,576	<hr/> 632,182

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2021 and 2022

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Secured bank borrowings		115,849	137,122
Derivative financial instruments		169	416
Other payables – tenant deposits – over 1 year	<i>15</i>	1,184	1,345
Deferred tax liabilities		28,764	29,136
		<hr/>	<hr/>
		145,966	168,019
		<hr/>	<hr/>
		440,610	464,163
		<hr/>	<hr/>
Capital and reserves			
Share capital	<i>16</i>	8,068	8,034
Reserves		418,088	441,600
		<hr/>	<hr/>
Equity attributable to owners of the Company		426,156	449,634
Non-controlling interests		14,454	14,529
		<hr/>	<hr/>
		440,610	464,163
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company										Non-controlling interests	
	Share capital	Share premium	Treasury stock	Other reserve	Investment revaluation reserve	Shareholder contribution	Share awards reserve	Exchange reserve	Retained profits	Total		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 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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2021

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium (note i)	Other reserve (note ii)	Investment revaluation reserve	Shareholder contribution (note iii)	Share awards reserve (note iv)	Exchange reserve	Retained profits	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	8,000	71,436	98,819	159	11,319	247	(12,914)	274,708	451,774	466,194
Profit for the year	-	-	-	-	-	-	-	6,294	6,294	7,126
Other comprehensive income (expense) for the year										
– Change in fair value of financial assets at FVTOCI	-	-	-	133	-	-	-	-	133	133
– Share of translation reserve of an associate	-	-	-	-	-	-	(1)	-	(1)	(1)
– Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(7,958)	-	(7,958)	(8,309)
	-	-	-	133	-	-	(7,959)	-	(7,826)	(8,177)
Total comprehensive income (expense) for the year	-	-	-	133	-	-	(7,959)	6,294	(1,532)	(1,051)
Vested shares for share awards	34	995	-	-	-	(1,029)	-	-	-	-
Transfer of cumulative fair value changes of financial assets at FVTOCI upon derecognition	-	-	-	(784)	-	-	-	784	-	-
Share based payment	-	-	-	-	-	992	-	-	992	992
Dividends paid to non-controlling shareholders by subsidiaries	-	-	-	-	-	-	-	-	(372)	(372)
Dividends paid (note 10)	-	-	-	-	-	-	-	(1,600)	(1,600)	(1,600)
At 31 March 2021	8,034	72,431	98,819	(492)	11,319	210	(20,873)	280,186	449,634	464,163

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 2022 and 2021

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 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\$37.9 million as at 31 March 2022, the consolidated financial statements as at 31 March 2022 have been prepared on a going concern basis as the Directors 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\$59.7 million as at 31 March 2022.

Accordingly, the Directors 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 2022. The Directors are satisfied that it is appropriate to prepare these financial statements on a going concern basis. The consolidated financial statements as at 31 March 2022 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 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

Except as described below, 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.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 – Interest Rate Benchmark Reform – Phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”).

The amendments did not have significant impact on the financial position and performance of the Group, as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

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	Insurance Contracts and related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
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 ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

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

The Directors anticipate that the application of the 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 revenue of the Group for the year is as follows:

	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by the major services line:		
Corporate finance and other consultancy services income	19,029	19,597
Revenue from other source		
Rental income for investment properties under operating leases-fixed lease payments (<i>Note</i>)	36,680	39,669
	55,709	59,266

Revenue generated from provision of corporate finance and other consultancy services during FY2022 and FY2021 are recognised over time.

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

	2022 HK\$'000	2021 HK\$'000
Gross rental income from investment properties	36,680	39,669
Direct operating expenses incurred for investment properties that generated rental income during the year (included in property expenses)	<u>(12,429)</u>	<u>(13,636)</u>
Net rental income	<u>24,251</u>	<u>26,033</u>

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 2022 and 2021 and the expected timing of recognition are, as follow:

	2022 HK\$'000	2021 HK\$'000
Within one year	6,201	4,831
More than one year	<u>1,400</u>	<u>—</u>
	<u>7,601</u>	<u>4,831</u>

The above amounts represent revenue expected to be recognised in the future from various mandates.

5. SEGMENT INFORMATION

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

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

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

Segment revenues and results

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

Year ended 31 March 2022

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

Year ended 31 March 2021

	Advisory and consulting HK\$'000	Proprietary investments HK\$'000	Total HK\$'000
REVENUE			
External revenue and segment revenue	19,597	39,669	59,266
RESULT			
Segment profit	8,986	17,540	26,526
Other income and expenses, net			(13,279)
Share of results of an associate			27
Finance costs			(1,484)
Profit before tax			11,790

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 assets and liabilities of the Group by reportable and operating segments.

Segment assets

	2022 HK\$'000	2021 HK\$'000
Advisory and consulting	2,294	3,180
Proprietary investments	582,691	629,423
Total segment assets	584,985	632,603
Unallocated	78,255	80,875
Total assets	663,240	713,478

Segment liabilities

	2022 HK\$'000	2021 HK\$'000
Advisory and consulting	286	401
Proprietary investments	136,802	160,082
Total segment liabilities	137,088	160,483
Unallocated	85,542	88,832
Total liabilities	222,630	249,315

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

	2022 HK\$'000	2021 HK\$'000
Advisory and consulting		
Sponsorship services	2,442	5,203
Financial advisory services	14,424	8,912
Compliance advisory services	1,181	4,457
Other corporate finance services	982	1,025
	19,029	19,597
Proprietary investments		
Rental income	36,680	39,669
	55,709	59,266

Geographic information

The operations of the Group are mainly located in Hong Kong and Japan.

Information about revenue from external customers of the Group is presented based on the location of the operations. Information about non-current assets of the Group, 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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong	20,541	21,164	113,405	116,377
Japan	35,168	38,102	505,803	550,178
	<u>55,709</u>	<u>59,266</u>	<u>619,208</u>	<u>666,555</u>

During FY2022 and FY2021, there was no single customer contributing over 10% of the total revenue of the Group.

6. OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Bank interest income	9	45
Dividend income from financial assets at FVTOCI	63	76
Reversal of impairment loss of trade receivables (note 14)	86	–
Forfeited tenant deposit	–	182
Gain on disposal of financial assets at fair value through profit or loss (“FVTPL”)	–	342
Government grants (Note)	–	1,380
	<u>158</u>	<u>2,025</u>

Note:

During FY2021, the Group recognised government grants of approximately HK\$1,380,000 (FY2022: nil) in respect of COVID-19 related subsidies, of which approximately HK\$1,372,000 and approximately HK\$8,000 was related to Employment Support Scheme and Anti-epidemic Support Scheme for Property Management Sector respectively provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. The Group fulfilled all conditions attached to the subsidies and recognised as other income.

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interests on:		
Secured bank borrowings	4,095	4,636
Lease liability	—	1
	<u>4,095</u>	<u>4,637</u>

8. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
Hong Kong profits tax	—	186
Japanese corporate income tax	245	255
Japanese withholding tax	1,798	1,896
	<u>2,043</u>	<u>2,337</u>
Over provision in prior years:		
Hong Kong profits tax	(58)	—
Deferred taxation	<u>2,183</u>	<u>2,327</u>
	<u>4,168</u>	<u>4,664</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%. For FY2022 and FY2021, 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%.

Under the Japan corporate income tax law, Japanese corporate income tax is calculated at 33.58% of the estimated assessable profits for FY2022 and FY2021. However, for certain Japanese subsidiaries under the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for FY2022 and FY2021.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Staff cost, excluding directors' emoluments		
– Salaries, bonus and other benefits	11,688	11,004
– Contributions to retirement benefits scheme	278	348
Total staff costs excluding Directors' emoluments	<u>11,966</u>	<u>11,352</u>
Auditors' remuneration	700	700
Depreciation of property, plant and equipment	1,040	1,082
Deprecation of right-of-use asset	–	61
Share based payments – shares awards	1,228	992
Impairment loss of trade receivables, net	16	160
Net exchange loss	<u>946</u>	<u>588</u>

10. DIVIDENDS

No dividend was paid or proposed during FY2022, nor has any dividend been proposed since the end of the reporting period.

During FY2021, final dividends of HK\$800,000 (HK0.1 cent per share) in respect of FY2020 and interim dividends of HK\$800,000 (HK0.1 cent per share) in respect of FY2021 were declared and paid to the shareholders of the Company.

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:

(a) Number of shares

	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>Note</i>)	804,111	800,608
Effect of dilutive potential ordinary shares: 2018, 2019, 2020 and 2021 Share Awards (as defined below)	5,856	6,076
Weighted average number of ordinary shares for the purpose of diluted earnings per share	809,967	806,684

Note: During FY2022, 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 FY2022, the Company issued 4,530,000 (FY2021: 3,360,000) ordinary shares to the relevant employees of 2018, 2019, 2020 and 2021 Share Awards (as defined below) upon vesting. Details are set out in note 12 to this announcement.

(b) Reported earnings

	2022 HK\$'000	2021 HK\$'000
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	6,980	6,294

(c) Underlying earnings

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are calculated based on the underlying profit for the year attributable to owners of the Company which excluded the net effect of fair value changes of investment properties, net of deferred taxation charged. A reconciliation of profit is as follow:

	2022 HK\$'000	2021 HK\$'000
Earnings for the purpose of basic and diluted earnings per share (Reported profit for the year attributable to owners of the Company)	6,980	6,294
Fair value changes of investment properties, net of deferred taxation charged	2,849	6,392
Earnings for the purpose of basic and diluted earnings per share (Underlying profit for the year attributable to owners of the Company)	9,829	12,686

12. SHARE AWARDS

During FY2022, the movement of share awards granted are as follows:

Date 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 2021	Vested and issued during FY2022	Lapsed during FY2022	To be vested and issued as at 31 March 2022
25 June 2018	Two executive directors of a wholly-owned subsidiary of the Group	1, 2	4,800,000 (the “2018 Share Awards”)	3,520,000	1,280,000	–	–
3 July 2019	Two executive directors of a wholly-owned subsidiary of the Group; and seven employees of the Group who are independent third parties	1, 3	1,200,000 (the “2019 Connected Grant”)	1,200,000	–	–	–
			740,000 (the “2019 Selected Employees Grant”)	740,000	–	–	–
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, 4	2,540,000 (the “2020 Connected Grant”)	–	780,000	–	1,760,000
			1,290,000 (the “2020 Selected Employees Grant”)	720,000	560,000	10,000	–
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, 5	1,440,000 (the “2021 Connected Grants”)	–	540,000	–	900,000
			2,490,000 (the “2021 Selected Employees Grant”)	–	1,370,000	160,000	960,000
			14,500,000	6,180,000	4,530,000	170,000	3,620,000

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 2018 Share Awards were set out in the circular of the Company dated 20 July 2018. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2018.
- Details of the 2019 Connected Grant and 2019 Selected Employees Grant (collectively referred to “**2019 Share Awards**”) were set out in the circular of the Company dated 22 July 2019. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2019.
- 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 Grants 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.

On 4 January 2022, the Board has resolved, subject to approval of shareholders at the extraordinary general meeting of the Company to be convened immediately after the conclusion or the adjournment of the annual general meeting of the Company to be held on 8 August 2022, to award conditionally an aggregate of 300,000 new shares of the Company to three grantees. All the grantees are employees of the Group and are independent third parties.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Equity instruments designated at FVTOCI		
– Listed	1,173	1,189
– Unlisted	<u>309</u>	<u>435</u>
Total	<u><u>1,482</u></u>	<u><u>1,624</u></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 investment of the Group 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 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 strategy of the Group of holding these investments for long-term purposes and realising their performance potential in the long run.

14. 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
– Within 30 days	1,339	2,528
– More than 30 but within 60 days	361	50
– More than 60 but within 90 days	202	305
– More than 90 but within 180 days	<u>121</u>	<u>25</u>
	<u><u>2,023</u></u>	<u><u>2,908</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at the beginning of the year	186	41
Impairment loss recognised	102	160
Reversal of impairment loss	(86)	–
Amounts written off as uncollectible	(66)	(11)
Exchange realignment	<u>(5)</u>	<u>(4)</u>
Balance at the end of the year	<u><u>131</u></u>	<u><u>186</u></u>

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime expected credit loss (“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.

As certain receivables aged more than 90 days past due, which were considered unrecoverable and in default, approximately HK\$102,000 (FY2021: HK\$160,000) of lifetime ECL-credit impaired was recognised during FY2022. During FY2022, approximately HK\$86,000 (FY2021: nil) had been recovered with the debtor having settled such amount in cash.

As at 31 March 2022, the allowances for impairment of trade receivables of approximately HK\$131,000 (FY2021: HK\$186,000) were credit impaired.

As there is no realistic prospect of recovery of the trade receivables of approximately HK\$66,000 (FY2021: HK\$11,000), the Group has written off such amount of trade receivables during FY2022.

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

	2022 HK\$'000	2021 HK\$'000
Deposits	78	145
Prepayments	1,899	2,145
Other receivables	259	306
	2,236	2,596

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 2022 and 2021 as there has not been a significant change in the credit risk since initial recognition.

15. TRADE AND OTHER PAYABLES

	2022 HK\$'000	2021 HK\$'000
Trade payables	113	128
Other payables	12,401	13,510
	12,514	13,638

Analysed for reporting purposes:

Current portion	11,330	12,293
Non-current portion	1,184	1,345
	12,514	13,638

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.

16. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	5,000,000,000	50,000
<i>Issued and fully paid:</i>		
At 1 April 2020	800,000,000	8,000
Share allotted	3,360,000	34
At 31 March 2021 and 1 April 2021	803,360,000	8,034
Share repurchased and cancelled (<i>note 11</i>)	(1,050,000)	(11)
Share allotted (<i>note 12</i>)	4,530,000	45
At 31 March 2022	806,840,000	8,068

17. 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	2022 HK\$'000	2021 HK\$'000
KK Ascent Plus	Associate	Asset management fee paid	715	757
		Guarantee fee paid	214	254

The above transactions were carried out at terms determined and agreed between the Group and the relevant party.

(b) Secured bank borrowings

As at 31 March 2022, the bank borrowings of approximately HK\$31,904,000 (FY2021: HK\$39,050,000) were guaranteed by KK Ascent Plus, an associate of the Group.

(c) Compensation of key management personnel

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
Short-term benefits	7,043	7,300
Share based payments	821	837
Post-employment benefits	114	113
	<hr/>	<hr/>
	7,978	8,250
	<hr/> <hr/>	<hr/> <hr/>

The remuneration of the Directors and key management is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

18. CAPITAL COMMITMENTS

	2022 HK\$'000	2021 <i>HK\$'000</i>
Capital expenditure in respect of construction of an investment property contracted for but not provided in the consolidated financial statements	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

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.

Corporate finance and other consultancy services

The Group recorded corporate finance and other consultancy services revenue of approximately HK\$19.0 million in FY2022, representing a slight decrease of approximately 2.9% from approximately HK\$19.6 million in FY2021. A breakdown of the corporate finance and other consultancy services revenue of the Group is as follows:

For the year ended 31 March						
	2022			2021		
	% of corporate finance and other consultancy services revenue			% of corporate finance and other consultancy services revenue		
	Revenue		Number of active engagements	Revenue		Number of active engagements
	HK\$'000		(Note)	HK\$'000		(Note)
Sponsorship	2,442	13%	2	5,203	27%	5
Financial advisory	14,424	76%	69	8,912	45%	55
Compliance advisory	1,181	6%	9	4,457	23%	10
Others	982	5%	21	1,025	5%	24
Total	<u>19,029</u>	<u>100%</u>		<u>19,597</u>	<u>100%</u>	

Note: Active engagements represent corporate finance and other consultancy services engagements from which the Group had derived income during the relevant financial year. It excludes intra-group revenue received by Altus Capital Limited, a wholly-owned subsidiary of the Company, for acting as financial adviser to the Company.

Proprietary investments

As at 31 March 2022, the Group had a portfolio of 26 investment properties in Japan and one investment property in Hong Kong. This investment property portfolio contributed rental income of approximately HK\$36.7 million in FY2022. In addition to the above, the Group also owns its principal place of business at 21 Wing Wo Street, Central, Hong Kong which is classified as property, plant and equipment.

Japan

A summary of the investment properties in Japan as at 31 March 2022 are as follows:

	Property name	Location	Net rentable area (sq.ft.)	Number of units	Appraised value as at 31 March 2022 JPY million	Appraised value as at 31 March 2021 JPY million	Average occupancy in FY2022 (by revenue)
1.	Ark Palace Hiragishi	Sapporo	14,485	54	404	401	97%
2.	Kitano Machikado GH	Sapporo	1,572	8	45	45	100%
3.	LC One	Sapporo	6,582	26	141	139	94%
4.	Liberty Hill GH	Sapporo	926	8	41	41	97%
5.	Libress Hiragishi	Sapporo	11,554	36	184	184	95%
6.	Nouvelle 98	Sapporo	13,790	38	232	232	93%
7.	Rakuyukan 36	Sapporo	18,046	38	316	316	100%
8.	Relife GH	Sapporo	750	6	33	33	100%
9.	Shinoro House GH	Sapporo	918	6	36	36	100%
10.	South 1 West 18 Building	Sapporo	15,529	37	275	275	91%
11.	T House	Sapporo	6,751	24	147	145	94%
12.	Tommy House Hiragishi	Sapporo	8,782	28	163	162	91%
13.	Uruoi Kawanone	Sapporo	15,930	65	669	667	89%
14.	White Building A & B	Sapporo	13,523	55	239	239	100%
15.	Wisteria-S	Sapporo	5,997	19	146	146	96%
16.	City Court Sugunami	Hakodate	13,640	44	207	207	86%
17.	Azabu Sendaizaka Hills	Tokyo	12,046	7	1,460	1,460	95%
18.	Azabu Juban Crown Building	Tokyo	2,248	5	248	248	93%
19.	Residence Motoki	Fukuoka	11,992	12	315	299	96%
20.	Wealth Fujisaki	Fukuoka	7,390	10	173	173	94%
21.	KD Shinshigai Building	Kumamoto	4,463	3	275	275	83%
22.	Rise Shimodori EXE	Kumamoto	14,159	35	488	484	96%
23.	Rise Fujisakidai	Kumamoto	13,891	36	413	414	93%
24.	Rise Kumamoto Station South	Kumamoto	10,116	20	211	211	97%
25.	Rise Shimodori	Kumamoto	13,619	36	458	458	90%
26.	Kagoshima Tenmonkan Building	Kagoshima	6,541	1	547	547	100%

Save for Kagoshima Tenmonkan Building and KD Shinshigai Building which are solely used for retail purposes, 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 out throughout FY2022. This property's appraised value as at 31 March 2022 was HK\$74.0 million.

As at 31 March 2022, the Group had a portfolio of securities investment in Hong Kong with the market value of approximately HK\$1.2 million. Approximately HK\$0.1 million dividend income was recognised in FY2022.

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 approximately HK\$55.7 million in FY2022 compared with approximately HK\$59.3 million in FY2021, representing a decrease of approximately 6.0%. This was mainly attributable to an approximately 7.5% decrease in revenue from proprietary investments as JPY-denominated rental income from the Group's investment properties in Japan had declined in HK\$ terms.

Corporate finance and other consultancy services

The trend of declining revenue from sponsorship engagements continued in FY2022 where revenue of approximately HK\$2.4 million was recorded, compared with approximately HK\$5.2 million in FY2021. There were two active engagements during FY2022 of which one is undergoing regulatory vetting process while the other transaction was aborted during FY2022 as the customer decided to pursue a listing in another jurisdiction. Such developments were in line with general weak market sentiments for initial public offerings ("IPOs") on the Stock Exchange, especially during the latter half of 2021.

The continuous efforts to develop a full suite of equity capital market services bore fruit to a certain extent during FY2022 as revenue from financial advisory engagements increased by 61.8% to approximately HK\$14.4 million in FY2022 from approximately HK\$8.9 million in FY2021. There had been improvements in terms of both the number of engagement and the average fee per engagement. That said, the revenue increased was underpinned by a couple of larger fee consultancy-based advisory transactions; while fee competition for customary financial advisory services remained intense.

Revenue from compliance advisory decreased substantially from approximately HK\$4.5 million previously to approximately HK\$1.2 million in FY2022 as a number of compliance advisory engagements expired during FY2022 after the listed company customer had fulfilled the Listing Rules' general requirement for retaining a compliance adviser such as our Group. As a compliance adviser is typically appointed by a listed company during its first or two financial years after its IPO, the Group's reduction in compliance advisory revenue reflected the subdued IPO market mentioned above.

Revenue from other services which was mainly related to acting as listing agent(s) for the offering of exchange traded funds had remained stable in FY2022.

Proprietary investments

During FY2022, the Group's proprietary investments, which consisted principally of 26 investment properties in Japan and one investment property in Hong Kong, had remained stable in terms of occupancy rate (being 93.9% in FY2022 compared with 93.8% in FY2021) and rental rate (in local currencies). However, the average JPY exchange rate had declined to HK\$6.90 per JPY100 in FY2022 compared with HK\$7.31 per JPY100 in FY2021, representing a decrease of 5.6%.

Given the large contribution of JPY-denominated rental income, the Group's proprietary investments revenue was affected by the aforesaid weakening of JPY relative to HK\$ resulting in a decrease in revenue of 7.5% from approximately HK\$39.7 million in FY2021 to approximately HK\$36.7 million in FY2022. For the same reason above, property expenses in HK\$ terms were correspondingly lower at approximately HK\$12.4 million in FY2022 as compared with approximately HK\$13.6 million in FY2021.

Other income

The other income recorded in FY2022 of approximately HK\$0.2 million was nominal compared with FY2021 of approximately HK\$2.0 million given the absence of government grants. There was also no gain derived from disposal of financial assets at FVTPL.

Net decrease in fair value of investment properties

On a net basis, the fair value of the Group's investment properties had decreased by a lesser extent of approximately HK\$0.7 million in FY2022, compared with approximately HK\$4.1 million in FY2021. There had in fact been a approximately HK\$1.3 million net increase in fair value of the Japan investment property portfolio, in particular for Residence Motoki in Fukuoka and Rise Shimodori EXE in Kumamoto. Such increase was however offset by the HK\$2.0 million decrease in fair value of our Hong Kong investment property at Duddell Street, Central. The fair value decrease reflected the general weak commercial property market sentiment in Hong Kong during FY2022.

Administrative and operating expenses

Administrative and operating expenses remained largely stable at approximately HK\$26.6 million in FY2022 compared with approximately HK\$27.1 million in FY2021. Staff-related costs (salaries, bonus, other benefits, contributions to retirement benefits scheme and share-based payment amortisation) increased by approximately HK\$0.8 million as the Group strived to reward staff in recognition of their contributions. These were offset by aggregate reductions in bad debt provision and written off as well as lower professional fees of approximately HK\$1.4 million.

Finance costs

Finance costs decreased by 11.7% from approximately HK\$4.6 million in FY2021 to approximately HK\$4.1 million in FY2022 as (i) the Group's JPY-denominated borrowings in Japan continued to be repaid overtime according to their loan principal repayment schedules; and (ii) overall interest rates were lower for the Group's Hong Kong borrowings in FY2022.

Profit for the year

The Group's profit increased by 12.0% to approximately HK\$8.0 million in FY2022 compared with approximately HK\$7.1 million in FY2021 despite reductions in revenue and other income. This was mainly attributable to the lower net decrease in fair value of investment properties from approximately HK\$4.1 million in FY2021 to approximately HK\$0.7 million in FY2022; and augmented by moderate decreases in administrative and operating expenses, finance costs as well as income tax expenses.

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 2022 HK\$'000	As at 31 March 2021 HK\$'000
Current assets	38,807	41,490
Current liabilities	76,664	81,296
Current ratio (time) ^(Note 1)	0.5	0.5
Total debt	176,645	201,848
Total equity	440,610	464,163
Gearing ratio (%) ^(Note 2)	40.1	43.5

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\$37.9 million as at 31 March 2022 as compared with approximately HK\$39.8 million as at 31 March 2021. It is worthwhile to note that while certain bank borrowings of the Group had contractual maturity of over 12 months as at 31 March 2021 and 2022, 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 2021 and 2022 are shown above, which translated into gearing ratio as at 31 March 2021 of approximately 43.5% and as at 31 March 2022 of approximately 40.1%.

The depreciation of JPY from HK\$7.02 per JPY100 as at 31 March 2021 to HK\$6.43 per JPY100 as at 31 March 2022 had reduced the Group's JPY-denominated assets and liabilities (including debt), and hence equity, in HK\$ terms as at 31 March 2022. In particular, the reduction in debt was also due to the regular loan principal repayments conducted during FY2022.

Cash balance

As at 31 March 2022, the Group had cash and bank balances amounted to approximately HK\$33.2 million (31 March 2021: approximately HK\$34.8 million) of which approximately HK\$25.8 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 FY2022, 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 FY2022, a negative exchange difference arising on translation of foreign operations of approximately HK\$32.1 million was recorded during FY2022 (FY2021: negative exchange difference of approximately HK\$8.3 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 2022, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK\$15.8 million (31 March 2021: approximately HK\$20.0 million).

Bank borrowings

Total interest bearing loans of the Group decreased from approximately HK\$201.8 million as at 31 March 2021 to approximately HK\$176.6 million as at 31 March 2022. These loans carry fixed and variable interest rates ranging from 1.08% to 2.85% per annum.

As at 31 March 2022, approximately HK\$67.6 million (31 March 2021: approximately HK\$73.2 million) of interest bearing loans of the Group had variable interest rates. By excluding the impact of net change in fair value of investment properties, the underlying interest coverage ratio as at 31 March 2022 was 4.1 times (31 March 2021: 4.4 times).

Charges on the assets of the Group

As at 31 March 2022, (i) both the 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 obtained from them.

Capital commitments/Contingent liabilities

As at 31 March 2022, the Group did not have any significant capital commitments and contingent liabilities.

OUTLOOK AND STRATEGY

As we were hoping that uncertainties surrounding the COVID-19 pandemic, which the world has been grappling with for over two years now, were to progressively subside, it again turned for the worse. Furthermore, the global economies and financial markets have been shocked since early 2022 by the twin events of the Russia-Ukraine war and the dawning of an era of high inflation or worse, stagflation.

Advisory and consulting

The Group's advisory and consulting business is closely related to developments of Hong Kong, if not global, financial markets. The Hong Kong stock market continues to struggle at the time of writing, where even popularity towards larger IPOs of technology, media and telecom (TMT) and bio-technology related enterprises, which was in abundance in early 2021, waned. Coupled with a perception of austere regulatory condition, the small and medium enterprises segment, in particular the GEM market, hits a nadir.

With this backdrop, we expect the prevailing intense competition for rule-based advisory work to persist as corporate actions will dwindle on one hand; and fees will be squeezed amidst competition on the other. We will continue to develop our strategic corporate finance consulting work, reinforce the awareness towards our suit of services while elevating our profile and track record.

Proprietary investments

Hong Kong

The existing tenancy of the Group's office unit in Central district runs till July 2024 and will continue to contribute rental income in the coming financial years.

Japan

Unlike other major central banks which have been hiking interest rates to tackle inflation, The Bank of Japan, central bank of Japan, has repeatedly committed to keeping interest rates low, resulting in sharp fall of JPY. Such fluctuations may continue to affect the value of our Japan portfolio in HK\$-terms. To mitigate such currency risks, we have adopted the strategy of borrowing JPY-denominated loans for our Japan property portfolio; while our JPY-denominated rental income also matches with JPY-denominated property expenses. These provided natural currency hedges to an extent. Other than the above, we do not expect significant adverse impact on the operations of our Japan portfolio.

As the Japanese economy progressively opens up (for example, Japan reopened its borders to travellers on guided tours in June 2022), we are hopeful this will underpin stability of our portfolio's occupancy and rental rates. In terms of investment strategy, we plan to focus on expanding our current portfolio of four small-sized wooden houses for aged and care homes use. We will continue with our initiatives of building such houses for leasing to operators of aged and care homes. These operators constantly look for premises, such as these small sized houses we which work alongside operators to build, that can provide stable and long term leases which coincides with their operational planning (one can imagine the inconvenience to aged and care home operators as well as their tenants if they have to regularly shift from one premise to another). This strategy has provided the Group with stable and regular rental income; while at the same time, adheres to our commitment to socially responsible investments.

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 FY2022 (FY2021: nil).

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM will be held at 9:30 a.m. on Monday, 8 August 2022. The register of members of the Company will be closed from Tuesday, 2 August 2022 to Monday, 8 August 2022 (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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 1 August 2022.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group had 20 staff (31 March 2021: 21). 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.

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 FY2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During FY2022, the Company repurchased 1,170,000 ordinary shares on GEM of the Stock Exchange at an aggregate consideration of approximately HK\$0.2 million. The Directors are of the view that the share repurchase would be beneficial to the Company and its shareholders. Details of the share repurchase are as follows:

Month	Number of ordinary shares	Highest price paid per share HK\$	Lowest price paid per share HK\$	Approximate aggregate consideration HK\$'000
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
	<u>1,170,000</u>			<u>222</u>

1,050,000 ordinary shares repurchased had been cancelled as at 31 March 2022. The remaining 120,000 ordinary shares will be cancelled in due course. The aggregate consideration of approximately HK\$0.2 million was paid out from the reserves of the Company.

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 FY2022.

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 make recommendations to the Board on the appointment and removal of external auditors; (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 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 FY2022.

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 FY2022 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

Hong Kong, 21 June 2022

As at the date of this announcement, the executive Directors are Mr. Arnold Ip Tin Chee, 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 website of the GEM of the Stock Exchange at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at <http://www.altus.com.hk>.