



ALTUS.

Altus Holdings Limited

incorporated in the Cayman Islands with limited liability

Stock Code : 8149

FY2023 INTERIM REPORT

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 report, 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 report 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 report misleading.

FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (collectively referred to as the “**Group**”) recorded an unaudited revenue of HK\$24.7 million for the six months ended 30 September 2022 (“**1H FY2023**”), representing a decrease of 4.5% when compared with HK\$25.8 million for the six months ended 30 September 2021 (“**1H FY2022**”).
- The Group recorded reported and underlying net profit ^(Note) of HK\$2.2 million and HK\$3.2 million respectively in 1H FY2023 compared with both reported and underlying net profit of HK\$3.7 million in 1H FY2022.

Underlying net profit was lower in 1H FY2023 compared with 1H FY2022 due mainly to adverse effect of exchange loss caused by continued weakness of JPY relative to HK\$. Reported net profit for 1H FY2023 was further lower as compared to 1H FY2022 due to a decrease in fair value of investment properties of HK\$1.0 million recorded in 1H FY2023.

- Due to weakness of JPY relative to HK\$, the Group also recorded a negative exchange difference arising on translation of its foreign operations in Japan of HK\$55.1 million during 1H FY2023, resulting in total comprehensive expenses of HK\$53.0 million during 1H FY2023.
- For 1H FY2023, the underlying basic and diluted earnings per share were both HK0.38 cent ^(Note), and the reported basic and diluted earnings per share were both HK0.26 cent. For 1H FY2022, the underlying and reported basic and diluted earnings per share were all HK0.41 cent ^(Note).
- The Directors do not recommend the payment of any interim dividend for 1H FY2023.

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 September 2022 (“2Q FY2023”) and 1H FY2023, together with the comparative unaudited figures for the three months ended 30 September 2021 (“2Q FY2022”) and 1H FY2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT FOR 1H FY2022 AND 1H FY2023

		2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
	<i>Notes</i>				
Revenue	3	10,203	13,074	24,665	25,820
Other income	5	295	25	493	59
Decrease in fair value of investment properties		(1,000)	–	(1,000)	–
Changes in fair value of derivative financial liabilities		22	14	24	27
Property expenses		(2,642)	(3,516)	(5,089)	(6,410)
Administrative and operating expenses		(5,806)	(5,695)	(13,211)	(11,441)
Share of results of associate		25	11	28	23
Finance costs	6	(1,058)	(1,175)	(1,933)	(2,212)
Profit before tax		39	2,738	3,977	5,866
Income tax expense	7	(862)	(984)	(1,776)	(2,124)
Profit/(Loss) for the period	8	(823)	1,754	2,201	3,742
Profit/(Loss) for the period attributable to:					
Owners of the Company		(902)	1,541	2,079	3,299
Non-controlling interests		79	213	122	443
		(823)	1,754	2,201	3,742

	<i>Notes</i>	2Q FY2023 (Unaudited) HK cent	2Q FY2022 (Unaudited) HK cent	1H FY2023 (Unaudited) HK cent	1H FY2022 (Unaudited) HK cent
Earnings/(Loss) per share based on profit/(loss) attributable to owners of the Company (reported earnings/(loss) per share)					
– Basic	<i>10b</i>	(0.11)	0.19	0.26	0.41
– Diluted	<i>10b</i>	(0.11)	0.19	0.26	0.41
Earnings per share excluding the effect of fair value changes in investment properties and the related deferred taxation charged (underlying earnings per share)					
– Basic	<i>10c</i>	0.01	0.19	0.38	0.41
– Diluted	<i>10c</i>	0.01	0.19	0.38	0.41

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 1H FY2022 AND 1H FY2023

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Profit/(Loss) for the period	(823)	1,754	2,201	3,742
Other comprehensive (expense) income for the period				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(18,837)	(2,105)	(55,109)	(2,670)
Share of translation reserve of an associate	(2)	–	(2)	–
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
Change in fair value of financial assets at fair value through other comprehensive income (“FVTOCI”)	(71)	(276)	(83)	(155)
Other comprehensive (expenses) income for the period	(18,910)	(2,381)	(55,194)	(2,825)
Total comprehensive (expense) income for the period	(19,733)	(627)	(52,993)	917
Total comprehensive (expense) income for the period attributable to:				
Owners of the Company	(19,643)	(1,060)	(52,693)	531
Non-controlling interests	(90)	433	(300)	386
	(19,733)	(627)	(52,993)	917

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022 and 30 September 2022

	<i>Notes</i>	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	38,905	39,405
Investment properties	11	502,005	579,803
Interests in an associate		437	411
Financial assets at FVTOCI	12	1,399	1,482
Club memberships		1,711	1,716
Deferred tax asset		1,237	1,505
Prepayment	13	231	111
		545,925	624,433
Current assets			
Trade and other receivables	13	2,523	4,148
Deposits placed in financial institution		108	1,456
Bank balances and cash		34,066	33,203
		36,697	38,807
Current liabilities			
Trade and other payables	14	8,469	11,330
Tax payable		4,680	4,538
Secured bank borrowings	15	57,011	60,796
		70,160	76,664
Net current liabilities		(33,463)	(37,857)
Total assets less current liabilities		512,462	586,576

		As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Secured bank borrowings	<i>15</i>	98,438	115,849
Derivative financial instruments	<i>16</i>	80	169
Other payables – tenant deposits – over 1 year	<i>14</i>	958	1,184
Deferred tax liabilities		24,954	28,764
		124,430	145,966
		388,032	440,610
Capital and reserves			
Share capital	<i>17</i>	8,067	8,068
Reserves		365,905	418,088
Equity attributable to owners of the Company		373,972	426,156
Non-controlling interests		14,060	14,454
		388,032	440,610

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1H FY2023

	Attributable to owners of the Company											
	Share capital HKS'000	Share premium (note (i)) HKS'000	Treasure stock HKS'000	Other reserve (note (ii)) HKS'000	Investment revaluation reserve HKS'000	Shareholder contribution (note (iii)) HKS'000	Share awards reserve (note (iv)) HKS'000	Exchange reserve HKS'000	Retained profits HKS'000	Total interests HKS'000	Non-controlling interests HKS'000	Total HKS'000
At 1 April 2022 (audited)	8,068	73,313	(22)	98,819	(634)	11,319	322	(52,195)	287,166	426,156	14,454	440,610
Profit for the period	-	-	-	-	-	-	-	-	2,079	2,079	122	2,201
Other comprehensive (expenses) income for the period:												
Change in fair value of financial assets at FVTOCI	-	-	-	-	(83)	-	-	-	-	(83)	-	(83)
Share of translation reserve of an associate	-	-	-	-	-	-	-	(2)	-	(2)	-	(2)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(54,687)	-	(54,687)	(422)	(55,109)
	-	-	-	-	(83)	-	-	(54,689)	-	(54,772)	(422)	(55,194)
Total comprehensive (expenses) income for the period	-	-	-	-	(83)	-	-	(54,689)	2,079	(52,693)	(300)	(52,993)
Cancellation of treasury stock	(1)	(21)	22	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	509	-	-	509	-	509
Dividend paid to non-controlling shareholders (note 9)	-	-	-	-	-	-	-	-	-	-	(94)	(94)
At 30 September 2022 (unaudited)	8,067	73,292	-	98,819	(717)	11,319	831	(106,884)	289,245	373,972	14,060	388,032

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1H FY2022

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium (note (i)) HK\$'000	Other reserve (note (iii)) HK\$'000	Investment revaluation reserve HK\$'000	Shareholder contribution (note (iii)) HK\$'000	Share awards reserve (note (iv)) HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2021 (audited)	8,034	72,431	98,819	(492)	11,319	210	(20,873)	280,186	449,634	14,529	464,163
Profit for the period	-	-	-	-	-	-	-	3,299	3,299	443	3,742
Other comprehensive (expenses) income for the period:											
Change in fair value of financial assets at FVTOCI	-	-	-	(155)	-	-	-	-	(155)	-	(155)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(2,870)	-	(2,870)	200	(2,670)
	-	-	-	(155)	-	-	(2,870)	-	(3,025)	200	(2,825)
Total comprehensive (expenses) income for the period	-	-	-	(155)	-	-	(2,870)	3,299	274	643	917
Share based payments	-	-	-	-	-	663	-	-	663	-	663
Dividend paid to non-controlling shareholders (note 9)	-	-	-	-	-	-	-	-	-	(108)	(108)
At 30 September 2021 (unaudited)	8,034	72,431	98,819	(647)	11,319	873	(23,743)	283,485	450,571	15,064	465,635

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, Kinley-Hecico Holdings Limited ("KHHL"), 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 HK\$11,319,000. As at 31 March 2020, all share options were exercised.
- (iv) Amounts represent the employee benefits for the purpose of recognising and rewarding their contribution, which are borne by the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR 1H FY2022 AND 1H FY2023

	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Operating activities		
Cash generated from operating activities	8,007	11,663
Income tax paid	(1,240)	(703)
Net cash generated from operating activities	6,767	10,960
Investing activities		
Dividend received from financial assets at FVTOCI	59	56
Additions to investment properties	(1,999)	(478)
Additions to property, plant and equipment	(12)	(67)
Interest received	2	3
Net cash used in investing activities	(1,950)	(486)
Financing activities		
Interest paid	(1,921)	(2,298)
New borrowings raised	30,054	30,000
Repayment of borrowings	(31,543)	(38,152)
Dividends paid	(94)	(63)
Net cash used in financing activities	(3,504)	(10,513)
Net increase/(decrease) in cash and cash equivalents	1,313	(39)
Cash and cash equivalents at beginning of period	34,659	36,640
Effect of foreign exchange rate changes	(1,798)	(617)
Cash and cash equivalents at end of period	34,174	35,984
Analysis of components of cash and cash equivalents:		
Deposits placed in financial institution	108	1,420
Bank balances and cash	34,066	34,564
	34,174	35,984

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 address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is located at 21 Wing Wo Street, Central, Hong Kong.

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

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

The condensed consolidated financial statements of the Group for 1H FY2023 (the “**Unaudited Condensed Consolidated Interim Financial Statements**”) are unaudited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”). The Unaudited Condensed Consolidated Interim Financial Statements were approved and authorised for issue by the Directors on 7 November 2022.

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

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

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

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

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

(i) Adoption of amendments to HKFRSs

Adoption of amendments to HKFRSs effective on 1 April 2022

In 1H FY2023, the Group has applied, for the first time, the following amendments to HKFRSs, which include HKFRS, HKAS and amendments, issued by the HKICPA.

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

The application of the above amendments to HKAS and HKFRS in 1H FY2023 has had no material effect on the amounts reported in these Unaudited Condensed Consolidated Interim Financial Statements and/or on the disclosures set out in these Unaudited Condensed Consolidated Interim Financial Statements.

3. REVENUE

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

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by the major services line:				
Corporate finance and other consultancy services income	2,650	3,812	9,008	7,078
Revenue from other source:				
Rental income for investment properties under operating leases – fixed lease payments (<i>Note</i>)	7,553	9,262	15,657	18,742
	10,203	13,074	24,665	25,820

Revenue generated from provision of corporate finance and other consultancy services during 1H FY2023 and 1H FY2022 are recognised over time.

3. REVENUE (CONTINUED)

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

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Gross rental income from investment properties	7,553	9,262	15,657	18,742
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	(2,642)	(3,516)	(5,089)	(6,410)
Net rental income	4,911	5,746	10,568	12,332

Transaction price allocated to the remaining performance obligations

As at 30 September 2022, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is HK\$3.1 million (30 September 2021: HK\$5.0 million). The amount represents revenue expected to be recognised in the future from various mandates. The Group will recognise the relevant revenue as and when services are rendered and completed. As evaluated by the management, revenue of HK\$3.1 million and nil (30 September 2021: HK\$5.0 million and nil) are expected to be recognised within 1 year and after 1 year respectively.

4. SEGMENT INFORMATION

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

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

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

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

	2Q FY2023			2Q FY2022		
	Advisory and consultancy (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Advisory and consultancy (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000 (Restated)	Total (Unaudited) HK\$'000 (Restated)
REVENUE						
External revenue and segment revenue	2,650	7,553	10,203	3,812	9,262	13,074
RESULT						
Segment profit ^(Note)	1,391	2,827	4,218	1,903	4,708	6,611
Other income and expenses, net			(3,817)			(3,454)
Share of results of an associate			25			11
Finance costs			(387)			(430)
Profit before tax			39			2,738

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	1H FY2023			1H FY2022		
	Advisory and consultancy (Unaudited)	Proprietary investments (Unaudited)	Total (Unaudited)	Advisory and consultancy (Unaudited)	Proprietary investments (Unaudited)	Total (Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Restated)	HK\$'000 (Restated)
REVENUE						
External revenue and segment revenue	9,008	15,657	24,665	7,078	18,742	25,820
RESULT						
Segment profit ^(Note)	4,619	7,592	12,211	2,485	10,253	12,738
Other income and expenses, net			(7,593)			(6,179)
Share of results of an associate			28			23
Finance costs			(669)			(716)
Profit before tax			3,977			5,866

Note: A decrease in fair value of investment property of HK\$1.0 million had been included in the segment profit of the proprietary investments during 1H FY2023 (1H FY2022: nil).

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.

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following is an analysis of the assets and liabilities of the Group by reportable and operating segment:

	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
Segment assets		
Advisory and consulting	1,067	2,294
Proprietary investments	504,666	582,691
Total segment assets	505,733	584,985
Unallocated	76,889	78,255
Total assets	582,622	663,240

	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
Segment liabilities		
Advisory and consulting	100	286
Proprietary investments	115,726	136,802
Total segment liabilities	115,826	137,088
Unallocated	78,764	85,542
Total liabilities	194,590	222,630

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

For the purpose of monitoring segment performances 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 revenue by services of the Group under advisory and consulting and proprietary investments segments is as follows:

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Advisory and consulting				
Sponsorship services	–	929	2,022	1,370
Financial advisory services	1,561	2,688	5,015	4,781
Compliance advisory services	633	145	1,255	506
Other corporate finance services	456	50	716	421
	2,650	3,812	9,008	7,078
Proprietary investments				
Rental income	7,553	9,262	15,657	18,742
	10,203	13,074	24,665	25,820

4. SEGMENT INFORMATION (CONTINUED)

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.

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Hong Kong	3,010	4,202	9,743	7,824
Japan	7,193	8,872	14,922	17,996
	10,203	13,074	24,665	25,820

During 1H FY2023 and 1H FY2022, there was no single customer contributing over 10% of the Group's total revenue.

5. OTHER INCOME

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Bank interest income	–	1	2	3
Dividend income from financial asset at FVTOCI	23	24	59	56
Reversal of impairment loss of trade receivables, net ^(Note 1)	9	–	9	–
Others ^(Note 2)	263	–	423	–
	295	25	493	59

5. OTHER INCOME (CONTINUED)

Notes:

1. This amount of HK\$9,000 represents the recovery of fully impaired lease receivables in respect of property investment activities. Reversal of impairment loss of trade receivables, net in 2Q FY2023 has also considered a reversal of the impairment loss of trade receivables arising from advisory and consulting activities which was made in 1Q FY2023 that amounted to HK\$415,000. The aforesaid reversal has net amount of nil.
2. The amount represents government grants in respect of Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund (the "Employment Support Scheme"). The Group fulfilled all conditions attached to the subsidies and recognised the amount as other income.

6. FINANCE COSTS

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Interests on:				
Secured bank borrowings	1,058	1,175	1,933	2,212
	1,058	1,175	1,933	2,212

7. INCOME TAX EXPENSE

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Current tax:				
Hong Kong profits tax				
– provision for the period	–	–	–	–
– over provision in respect of prior periods	(7)	–	(7)	–
	(7)	–	(7)	–
Japanese corporate income tax	45	124	101	222
Japanese withholding tax	323	358	776	929
	361	482	870	1,151
Deferred taxation	501	502	906	973
	862	984	1,776	2,124

7. INCOME TAX EXPENSE (CONTINUED)

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For 1H FY2023 and 1H FY2022, 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 1H FY2023 (1H FY2022: 33.58%). However, for certain Japanese subsidiaries under the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for 1H FY2023 and 1H FY2022.

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

8. PROFIT/(LOSS) FOR THE PERIOD

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Profit/(Loss) for the period has been arrived at after charging:				
Staff cost, excluding directors' emoluments:				
– Salaries, bonus and other benefits	2,128	2,131	5,156	4,640
– Contributions to retirement benefits schemes	62	65	128	138
Total staff costs, excluding directors' emoluments	2,190	2,196	5,284	4,778
Directors' emoluments	703	1,024	1,407	1,727
Auditor's remuneration	175	175	350	350
Depreciation of property, plant and equipment	256	262	512	523
Share based payments	368	465	509	663
Reversal of impairment loss of trade receivable, net	(415)	–	–	–
Net exchange loss	670	134	1,854	103

9. DIVIDENDS

	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Dividends recognised as distribution to non-controlling interests during the periods by:		
Smart Tact Property Investment Limited (“ Smart Tact ”)		
2022 interim, paid – JPY553 per share (equivalent to HK\$32 per share)	29	–
2021 interim, paid – JPY461 per share (equivalent to HK\$33 per share)	–	30
I Corporation		
2022 interim, paid – JPY23,405 per share (equivalent to HK\$1,362 per share)	19	–
2021 interim, paid – JPY19,091 per share (equivalent to HK\$1,348 per share)	–	18
EXE Rise Shimodori Investor Limited (“ EXE ”)		
2022 interim, paid – JPY23,530 per share (equivalent to HK\$1,369 per share)	16	–
2021 interim, paid – JPY16,794 per share (equivalent to HK\$1,186 per share)	–	14
Residence Motoki Investment Limited (“ Residence ”)		
2022 interim, paid – JPY400 per share (equivalent to HK\$23 per share)	30	–
2021 interim, paid – JPY500 per share (equivalent to HK\$35 per share)	–	46
	94	108

The Directors does not recommend the payment of any interim dividend for 1H FY2023 (1H FY2022: nil).

10. EARNINGS/(LOSS) PER SHARE

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

(a) Number of shares

	2Q FY2023 '000	2Q FY2022 '000	1H FY2023 '000	1H FY2022 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	806,720	803,360	806,777	803,360
Effect of dilutive potential ordinary shares:				
Share Awards (as defined below)	6,521	6,645	5,079	5,483
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	813,241	810,005	811,856	808,843

(b) Reported earnings/(loss)

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Earnings/(Loss) for the purpose of basic and diluted earnings/(loss) per share (Profit/(Loss) for the period attributable to owners of the Company)	(902)	1,541	2,079	3,299

10. EARNINGS/(LOSS) PER SHARE (CONTINUED)

(c) Underlying earnings

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings/(loss) per share are calculated based on the underlying profits attributable to the owners of the Company which excludes the effect of fair value changes of investment properties and the related deferred taxation charged. A reconciliation of profit is as follows:

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Earnings/(Loss) for the purpose of basic and diluted earnings per share (Reported profit/(loss) for the period attributable to owners of the Company)	(902)	1,541	2,079	3,299
Fair value change of investment properties and the related deferred taxation charged	1,000	–	1,000	–
Earnings for the purpose of basic and diluted earnings per share (Underlying profit for the period attributable to the owners of the Company)	98	1,541	3,079	3,299

11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the 1H FY2023, the Group spent HK\$12,000 (1H FY2022: HK\$67,000) on additions to properties, plant and equipment and HK\$1,999,000 (1H FY2022: HK\$478,000) on additions to investment properties.

The Group had pledged its land and building with a carrying value of HK\$38,850,000 and HK\$39,342,000 to secure bank borrowings of the Group as at 30 September 2022 and 31 March 2022 respectively.

11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (CONTINUED)

The Group had pledged its investment properties with a carrying value of HK\$476,413,000 and HK\$549,499,000 to secure bank borrowings of the Group as at 30 September 2022 and 31 March 2022 respectively.

The Group recognised a decrease in fair value of investment properties of HK\$1,000,000 in the statement of profit or loss account for 1H FY2023 (1H FY2022: nil).

For investment properties, there has been no change from valuation technique used and described in the 2022 Financial Information during the 1H FY2023 and 1H FY2022. There were no transfers between levels of fair value hierarchy during both periods.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
Equity instruments designated at FVTOCI		
– Listed	1,054	1,173
– Unlisted	345	309
Total	1,399	1,482

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in Japan. Investments in listed equity securities represent the investments 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.

There has been no change from valuation technique used and described in the 2022 Financial Information during the 1H FY2023 and 1H FY2022. There were no transfers between levels of fair value hierarchy during both periods.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
Receivables at amortised cost comprise:		
Trade receivables (<i>Note</i>)	978	2,154
<i>Less:</i> allowances for impairment of trade receivables	(17)	(131)
	961	2,023
Other receivables and prepayment	1,793	2,236
	2,754	4,259

Note:

As at 30 September 2022, lease receivables amounting to HK\$47,000 (as at 31 March 2022: HK\$60,000) are included in trade receivables. The remaining balances of HK\$931,000 (as at 31 March 2022: HK\$2,094,000) represented trade receivables arising from contracts with customers.

- a) The trade receivables are due upon the issuance of invoices. The Group does not hold any collateral over these balances. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date which approximates the respective revenue recognition dates at the end of 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.

	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
– Within 30 days	495	1,339
– More than 30 but within 60 days	290	361
– More than 60 but within 90 days	12	202
– More than 90 but within 180 days	164	121
	961	2,023

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (CONTINUED)

- b) The movement in the allowance for impairment of trade receivables is set out below.

	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Balance at the beginning of the period	131	186
Reversal of impairment loss	(9)	(58)
Amounts written off as uncollectible	(101)	–
Exchange realignment	(4)	–
Balance at the end of the period	17	128

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

No loss allowance at lifetime ECL was recognised during 1H FY2023 and 1H FY2022.

As there is no realistic prospect of recovery of the trade receivables of HK\$101,000, the Group has written off such amount of trade receivables during the period.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (CONTINUED)

- c) The following is an analysis of other receivables and prepayments at the end of the reporting period:

	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
Deposits	77	78
Prepayments	1,524	1,899
Other receivables	192	259
	1,793	2,236

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 review of the other receivables are considered to be performing as at 30 September 2022 and 31 March 2022 as there has not been a significant change in the credit risk since initial recognition.

14. TRADE AND OTHER PAYABLES

	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
Trade payables	93	113
Other payables	9,334	12,401
	9,427	12,514

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

15. SECURED BANK BORROWINGS

	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	57,011	60,796
After one year but within two years	8,215	9,749
After two years but within five years	19,094	27,318
After five years	71,129	78,782
	155,449	176,645
Amounts shown under current liabilities	57,011	60,796
Amounts shown under non-current liabilities	98,438	115,849
	155,449	176,645

As at 30 September 2022, bank borrowings of HK\$48,606,000 (as at 31 March 2022: HK\$51,047,000) that are repayable within one year from the end of the reporting period and contain a repayment on demand clause.

The secured bank borrowings of the Group carry effective interest rates (which are also equal to contracted interest rates) at fixed interest rates ranging from 1.09% to 2.55% per annum (1H FY2022: 1.11% to 2.85%) and at variable interest rates ranging from 1.26% to 4.22% per annum (1H FY2022: 1.09% to 2.66%).

As at 30 September 2022 and 31 March 2022, the bank borrowings of the Group were secured by the land and building and certain investment properties of the Group as disclosed in note 11 above.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	At 30 September 2022 (Unaudited) Liabilities HK\$'000	At 31 March 2022 (Audited) Liabilities HK\$'000
Interest rate swaps	80	169

Interest rate swaps form a part of the arrangement of the variable-rate bank borrowings entered into between the Group and banks in Japan.

There has been no change from valuation technique used and described in the 2022 Financial Information during the 1H FY2023 and 1H FY2022. There were no transfers between levels of fair value hierarchy during both periods.

17. SHARE CAPITAL

The Company	Number of ordinary shares	Share capital HK\$'000
Ordinary share of HK\$0.01 each		
Authorised as at 30 September 2022 (unaudited) and 31 March 2022 (audited)	5,000,000,000	50,000
Issued and fully paid as at 30 September 2022 (unaudited) and 31 March 2022 (audited)	806,720,000	8,067

18. SHARE AWARDS

During 1H FY2023, the movement of share awards granted are as follows:

Date of grant	Grantee(s)	Notes	Number of respective shares awarded				To be vested and issued as at 30 September 2022
			Number of new shares of the Company awarded	Vested and issued, and lapsed as at 1 April 2022	Vested and issued during 1H FY2023	Lapsed during 1H FY2023	
26 June 2020	Two executive directors of a wholly-owned subsidiary of the Group; and ten employees of the Group who are independent third parties	1, 2	2,540,000 (the "2020 Connected Grant")	780,000	-	-	1,760,000
			1,290,000 (the "2020 Selected Employees Grant")	1,290,000	-	-	-
4 January 2021 and 29 June 2021	Two executive directors of a wholly-owned subsidiary of the Group; and sixteen employees of the Group who are independent third parties	1, 3	1,440,000 (the "2021 Connected Grant")	540,000	-	-	900,000
			2,490,000 (the "2021 Selected Employees Grant")	1,530,000	-	400,000	560,000
4 January 2022 and 30 June 2022	Two executive directors of a wholly-owned subsidiary of the Group; and eleven employees of the Group who are independent third parties	1, 4	1,920,000 (the "2022 Connected Grant")	-	-	-	1,920,000
			3,820,000 (the "2022 Selected Employees Grant")	-	-	700,000	3,120,000
			13,500,000	4,140,000	-	1,100,000	8,260,000

18. SHARE AWARDS (CONTINUED)

Notes:

1. 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.
2. Details of the 2020 Connected Grant and 2020 Selected Employees Grant were set out in the circular of the Company dated 23 July 2020. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 7 August 2020.
3. Details of the 2021 Connected Grant and 2021 Selected Employees Grant were set out in the circular of the Company dated 22 July 2021. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 6 August 2021.
4. Details of the 2022 Connected Grant and 2022 Selected Employees Grant were set out in the circular of the Company dated 22 July 2022. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2022. As at 30 September 2022, 320,000 shares of the 2022 Connected Grant and 720,000 shares of the 2022 Selected Employees Grant had vested and subsequently been issued to relevant employees respectively in October 2022.

19. OPERATING LEASE COMMITMENTS

The Group as lessor

During 1H FY2023 and the year ended 31 March 2022, the properties of the Group held for rental purpose were expected to generate rental yields of 6.2% and 6.3% respectively, on an ongoing basis. Those units which were leased out have committed tenants for different tenure ranging from one to sixteen years as at 30 September 2022 (as at 31 March 2022: one to seventeen years). It is noted that in general the leases related to the Japanese properties of the Group contain clauses that allow tenants to terminate the leases by giving 1 month notices.

At the end of the reporting period, the Group had contracted with tenants for the following minimum lease payments:

	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
Within one year	3,564	4,072
In the second to fifth year inclusive	1,080	1,800
	4,644	5,872

20. CONTINGENT LIABILITIES

As at 30 September 2022, except as disclosed elsewhere in the Unaudited Condensed Consolidated Interim Financial Statements, the Group did not have any significant contingent liabilities (as at 31 March 2022: nil).

21. RELATED PARTY TRANSACTIONS

(a) Transactions

During 1H FY2023 and 1H FY2022, except as disclosed elsewhere in the Unaudited Condensed Consolidated Interim Financial Statements, the Group had entered into the following transactions with related parties:

Name of the related party	Relationship	Nature of transactions	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
KK Ascent Plus	Associate	Asset management fee paid	302	366
		Guarantee fee paid	106	115

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

(b) Secured bank borrowings

As at 30 September 2022, the bank borrowings of HK\$40,556,000 (31 March 2022: HK\$31,904,000) were guaranteed by KK Ascent Plus, an associate of the Group.

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

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

	2Q FY2023 (Unaudited) HK\$'000	2Q FY2022 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000
Short-term benefits	600	1,010	1,200	1,700
Share based payments	368	465	509	663
Post-employment benefits	14	13	27	27
	982	1,488	1,736	2,390

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

22. CAPITAL COMMITMENT

	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
Capital expenditure in respect of improvement works of investment properties contracted for but not provided in the Unaudited Condensed Consolidated Interim Financial Statements	3,467	-

MANAGEMENT DISCUSSION AND ANALYSIS

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

Business Review

For 1H FY2023, the Group recorded an unaudited revenue of HK\$24.7 million, representing a decrease of 4.5% as compared to 1H FY2022. Proprietary investments activities contributed 63.5% of total revenue recorded by the Group during 1H FY2023, while the remaining revenue was derived from corporate finance and other consultancy service.

Corporate finance and other consultancy services

Revenue from corporate finance and other consultancy services for 1H FY2023 increased by 27.3% as compared to 1H FY2022 as there have been increases in each type of service rendered, in particular for compliance advisory services.

In quarterly terms however, revenue of this segment in 2Q FY2023 had decreased compared with 2Q FY2022 due to absence of revenue from sponsorship services and reduced revenue from financial advisory services.

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

Proprietary investments

Revenue from proprietary investments decreased by 16.5% in 1H FY2023 to HK\$15.7 million (1H FY2022: HK\$18.7 million), mainly due to continued weakness of JPY. In JPY terms, the Group's rental income from Japan had in fact slightly improved to JPY256.4 million in 1H FY2023 from JPY254.9 million in 1H FY2022. As at the end of 1H FY2023, the property investment portfolio of the Group consisted of 26 buildings in Japan and one commercial unit in Hong Kong (1H FY2022: 26 buildings in Japan and one commercial unit in Hong Kong). The property in Hong Kong was fully occupied during 1H FY2023, while the occupancy rate for the portfolio in Japan was 92.1% (1H FY2022: 91.2%).

In line with our long term investment strategy, during 1H FY2023 the Group entered into improvement works contracts of HK\$4.6 million for value enhancement for five properties in Japan, including major renovations conducted on Rise Shimodori and South 1 West 18 Building.

Due to the weakness of JPY, a negative exchange difference arising on translation of foreign operations of HK\$55.1 million was recorded during the 1H FY2023 (1H FY2022: negative exchange difference of HK\$2.7 million). To mitigate such currency risks, we have adopted the strategy of borrowing mainly 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.

Net profit for the period

The Group recorded an underlying net profit of HK\$3.2 million in 1H FY2023 compared with an underlying net profit of HK\$3.7 million in 1H FY2022. The underlying net profit excludes the effect of fair value changes of investment properties and the related deferred taxation charged. The Group recorded a reported net profit of HK\$2.2 million in 1H FY2023 when a HK\$1.0 million decrease in fair value change is recorded (1H FY2022: HK\$3.7 million).

Financial Review

Revenue

The revenue of the Group by business activities during 1H FY2023 and 1H FY2022 is set out below.

	1H FY2023		1H FY2022	
	HK\$'000 (Unaudited)	Number of active engagements ^(Note) / investment properties	HK\$'000 (Unaudited)	Number of active engagements ^(Note) / investment properties
<i>Corporate finance and other consultancy services</i>				
Sponsorship services	2,022	1	1,370	2
Financial advisory services ^(Note)	5,015	35	4,781	40
Compliance advisory services	1,255	7	506	6
Other corporate finance services	716	10	421	11
Subtotal	9,008		7,078	
<i>Proprietary investments</i>				
Rental income from properties in Japan	14,922	26	17,996	26
Rental income from properties in Hong Kong	735	1	746	1
Subtotal	15,657		18,742	
Total	24,665		25,820	

Note: Active engagements represent corporate finance and other consultancy service engagements from which the Group had derived income during the relevant period. 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.

Revenue from sponsorship services increased from HK\$1.4 million in 1H FY2022 to HK\$2.0 million in 1H FY2023, due to achievement of more significant billing milestones.

Revenue from financial advisory services increased from HK\$4.8 million in 1H FY2022 to HK\$5.0 million in 1H FY2023 despite lower number of engagements as the Group had undertaken several higher-fee projects.

Revenue from compliance advisory services increased from HK\$0.5 million in 1H FY2022 to HK\$1.3 million in 1H FY2023 in line with higher number and higher fee engagements.

While property portfolio had remained unchanged, rental income from Japan decreased in 1H FY2023 due mainly to weaker JPY relative to HK\$.

Other income

Other income increased from HK\$0.06 million in 1H FY2022 to HK\$0.5 million in 1H FY2023 due to government subsidies from the Employment Support Scheme in 1H FY2023.

Decrease in fair value of investment properties

The Group recorded a decrease in fair value of investment properties attributable to its Hong Kong portfolio of HK\$1.0 million during 1H FY2023 (1H FY2022: nil).

Property expenses

Property expenses in 1H FY2023 decreased by 20.6% to HK\$5.1 million as compared with HK\$6.4 million in 1H FY2022 due to weakness of JPY as property expenses were mainly related to the Japan property portfolio.

Administrative and operating expenses

Administrative and operating expenses increased to HK\$13.2 million in 1H FY2023 from HK\$11.4 million in 1H FY2022. Such increase was mainly attributable to (i) net exchange loss of HK\$1.9 million in 1H FY2023 (1H FY2022: HK\$0.1 million) due to lower value of our JPY cash holdings and JPY-denominated receivables at our non-Japanese entity level, in line with weakening JPY; and (ii) higher staff cost excluding directors' emoluments of HK\$5.3 million in 1H FY2023 (1H FY2022: HK\$4.8 million) in line with bonus payment period.

Share of results of associate

The Group shared a gain of associate KK Ascent Plus of HK\$28,000 during 1H FY2023 (1H FY2022: HK\$23,000).

Underlying profit for the period

The table below sets out the profitability of the Group excluding the net effect of fair value changes in the valuation of investment properties. Underlying net profit in 1H FY2023 was lower when compared with 1H FY2022 due to combined effects of (i) lower revenue; (ii) higher other income; (iii) lower property expenses and finance costs; and (iv) higher administrative and operating expenses, as explained above.

	1H FY2023 HK\$'000	1H FY2022 HK\$'000
Profit for the period	2,201	3,742
<i>Excluding:</i>		
Decrease in fair value of investment properties	1,000	–
Adjusted profit for the period	3,201	3,742

LIQUIDITY AND 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 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Current assets	36,697	38,807
Current liabilities	70,160	76,664
Current ratio (times) <i>(Note 1)</i>	0.5	0.5
Gearing ratio (%) <i>(Note 2)</i>	40.1	40.1

Notes:

- (1) Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective period.
- (2) Gearing ratio is calculated by dividing total debt by total equity as at the end of the respective period.

The Group had net current liabilities of HK\$33.5 million and HK\$37.9 million as at 30 September 2022 and 31 March 2022 respectively.

The net current liabilities position was primarily attributable to the classification as current liabilities (in accordance with the HKFRS) of loans of HK\$48.6 million with repayment on demand clauses. The Group may record net current liabilities position from time to time. Please refer to the paragraph headed “Our Group recorded net current liabilities” under the section headed “Risk factors” of the prospectus issued by the Company on 30 September 2016.

Gearing ratio as at 30 September 2022 and 31 March 2022 remained stable at 40.1%.

Cash and bank balances

As at 30 September 2022, the Group had cash and bank balances amounted to HK\$34.1 million (as at 31 March 2022: HK\$33.2 million) of which HK\$26.7 million was held in JPY with licenced banks in Hong Kong and Japan.

Bank borrowings

As at 30 September 2022, HK\$81.0 million (as at 31 March 2022: HK\$67.6 million) of the interest bearing loans of the Group had variable interest rates. The interest coverage ratio as at 30 September 2022 was 3.6 times (as at 31 March 2022: 4.1 times). The lower interest coverage ratio was in line with the Group’s lower profit during 1H FY2023.

Charges on the assets of the Group

As at 30 September 2022, (i) both the Group’s properties in Hong Kong; and (ii) all the Group’s properties in Japan (save for Kitano Machikado GH, Liberty Hills 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 these banks and financial institutions.

Capital commitments

As at 30 September 2022, the Group had capital commitment relating to improvement works of investment properties of HK\$3.5 million (as at 31 March 2022: nil).

Contingent liabilities

As at 30 September 2022, the Group did not have any significant contingent liabilities (as at 31 March 2022: nil).

Dividend

The Board does not recommend the payment of any interim dividend for 1H FY2023.

Significant investment held, material acquisition and disposal, and future plans thereof

During 1H FY2023, the Group did not hold any significant investment other than the property investment portfolio in its ordinary and usual course of business. There were no material acquisition and disposal undertaken by the Group during the period. There were also no material acquisition and disposal of subsidiaries, associates and joint ventures of the Company.

Foreign exchange and interest rate exposures

The reporting currency of the Group is HK\$. While the corporate finance business of the Group is predominately conducted in HK\$, a substantial portion of the investment portfolio of the Group in Japan is exposed to foreign currency risk, including the rental income received from the investment properties. The financial performance and position of the Group are therefore exposed to fluctuations in the value of JPY against HK\$. Due to the recent weakness of JPY, net exchange loss of HK\$1.9 million was recorded in 1H FY2023 due to lower value of our JPY cash holdings and JPY-denominated receivable at the non-Japanese entity level (1H FY2022: HK\$0.1 million). A negative exchange difference arising on translation of foreign operations in Japan of HK\$55.1 million was also recorded during 1H FY2023 (1H FY2022: HK\$2.7 million), resulting in total comprehensive expenses of HK\$53.0 million during 1H FY2023 (1H FY2022: income of HK\$0.9 million).

The Group manages its foreign exchange exposure by monitoring the matching of the currencies of its debt with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. In 1H FY2023, loans to be serviced by rental income generated from or secured by properties in Japan were denominated in JPY; meanwhile, loans secured by properties (for investment and self-occupation) in Hong Kong were serviced by income derived from Hong Kong and denominated in HK\$.

To mitigate risks associated with fluctuations of interest rates for some of the loans in Japan with variable interest rates, the Group has entered into derivative financial instruments as a means to effectively fix the interest rate. As at 30 September 2022, the aggregate outstanding amount in relation to such borrowings amounted to HK\$8.5 million (as at 30 September 2021: HK\$18.5 million).

OUTLOOK AND STRATEGY

Advisory and consulting

Against the backdrop of Hang Seng Index dropping to levels unseen since 2009, we expect capital market activities in Hong Kong to remain low, aggravating the competition for rule-based advisory work. We will continue to adopt the two-pronged strategy of maintaining market visibility amidst such competition by being competitive in terms of fees while providing high quality work for rule-based transactions; and at the same time, continue to build our presence in the higher margin strategic corporate finance consulting work.

Amidst weak market demand and uncertain regulatory approach towards initial public offerings, especially for small-medium enterprises, we will continuously assess the situations to determine the optimal time to embark on projects, taking into consideration our clients' best interests and efficient deployment of our resources when undertaking such projects.

Proprietary investments

The opening up of Japan post COVID-19 pandemic presents opportunity for us to improve occupancy and rental rates of our portfolio properties. We will also continuously conduct building improvements to maintain and enhance attractiveness of our property, as with the major renovations conducted on Rise Shimodori and South 1 West 18 Building recently. Fluctuations of JPY relative to HK\$ aside, we expect rental return of our property operations in JPY terms to remain stable.

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

As at 30 September 2022, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Interest or short positions in the shares of the Company:

Name of Director	Capacity and nature of interests	Number of shares interested ^(Note 2)	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ip ^(Note 1)	Beneficiary of a trust	557,200,000 (L)	69.07
	Beneficial owner	1,250,000 (L)	0.15
	Interest of a spouse	1,250,000 (L)	0.15
Mr. Chang Sean Pey ("Mr. Chang")	Beneficial owner	22,400,000 (L)	2.78
Ms. Leung Churk Yin Jeanny ("Ms. Leung")	Beneficial owner	9,400,000 (L)	1.17

Notes:

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

Interests in associated corporations of the Company:

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

Notes:

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

Save as disclosed above, as at 30 September 2022, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations” above and “Share Option Scheme” below, at no time during 1H FY2023 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

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

As at 30 September 2022, substantial shareholders (not being the Directors or chief executives of the Company) had interested or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO; and other persons had interests in other members of the Group as follows:

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

Name of shareholder	Capacity and nature of interest	Number of shares interested ^(Note 1)	Approximate percentage of the total issued share capital of the Company (%)
Flying Castle Limited ^(Note 2)	Beneficial owner	557,200,000 (L)	69.07
KHHL ^(Note 2)	Interest in a controlled corporation	557,200,000 (L)	69.07
The Trustee ^(Note 2)	Trustee	557,200,000 (L)	69.07
Ms. Chan ^(Note 2)	Founder of a discretionary trust	557,200,000 (L)	69.07
	Beneficial owner	1,250,000 (L)	0.15
Mr. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	69.07
	Beneficial owner	1,250,000 (L)	0.15
	Interest of spouse	1,250,000 (L)	0.15
Ms. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	69.07
	Beneficial owner	1,250,000 (L)	0.15
Ms. Ho ^(Note 2)	Interest of spouse	558,450,000 (L)	69.22
	Beneficial owner	1,250,000 (L)	0.15
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.49

Notes:

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

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

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

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

Save as disclosed above, the Directors and chief executives of the Company are not aware that there is any party who, as at 30 September 2022, had or was deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information available to the Company and to the best knowledge of the Directors, as at the date of this report, the Company has maintained the public float as required under the GEM Listing Rules during 1H FY2023.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during 1H FY2023 and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2022, the Group had 19 staff (30 September 2021: 21). The remuneration policy of the Group takes into consideration the duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, the profit of the Group as a whole and comparable market levels. Apart from salary payment, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) by shareholder resolution passed on 26 September 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. During 1H FY2023 and up to the date of this report, no share option was granted by the Company and there was no share option outstanding under the Share Option Scheme as at 30 September 2022.

SHARE AWARDS

Details of the share awards of the Group are set out in note 18 to the condensed consolidated interim financial statements of the Group for 1H FY2023.

CORPORATE GOVERNANCE

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

The Board has reviewed the corporate governance practices of the Group and is satisfied that the Group has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rule during 1H FY2023.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiries of all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings during the period in 1H FY2023 and to the date of this report. The Company has not been notified by the Directors of any incident of non-compliance during such period.

COMPETING INTERESTS

As at 30 September 2022, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

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

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

UPDATE ON DIRECTOR'S INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in details of the Director's information subsequent to the date of the annual report of the Company for the year ended 31 March 2022 are set out below:

Mr. Arnold Ip Tin Chee had resigned as an independent non-executive director of Pak Fah Yeow International Limited, a company listed on the Stock Exchange (stock code: 0239), with effect from 30 September 2022.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules up to the date of this report.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Chan Sun Kwong. The other members are Mr. Chao Tien Yo and Mr. Lee Shu Yin respectively. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the risk management and internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to code provision D.3.3 of the CG Code, the Audit Committee has reviewed the unaudited consolidated results of the Group for 1H FY2023 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

BOARD OF DIRECTORS

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

Executive Directors:

Mr. Arnold Ip Tin Chee

Mr. Chang Sean Pey

Ms. Leung Churk Yin Jeanny

Independent Non-executive Directors:

Mr. Chao Tien Yo

Mr. Chan Sun Kwong

Mr. Lee Shu Yin

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

Hong Kong, 7 November 2022

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