

ALTUS .

Altus Holdings Limited

incorporated in the Cayman Islands with limited liability

Stock Code : 8149

FY2024 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\$25.4 million for the six months ended 30 September 2023 (“**1H FY2024**”), representing an increase of 3.0% when compared with HK\$24.7 million for the six months ended 30 September 2022 (“**1H FY2023**”).
- The Group recorded both reported and underlying net profit ^(Note) of HK\$5.5 million in 1H FY2024 compared with reported and underlying net profit of HK\$2.2 million and HK\$3.2 million respectively in 1H FY2023.

Profitability improved in 1H FY2024 compared with 1H FY2023 mainly due to higher revenue generated from corporate finance and other consultancy services and lower administrative and operating expenses.

- 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\$38.9 million during 1H FY2024, resulting in total comprehensive expenses of HK\$33.8 million during 1H FY2024.
- For 1H FY2024, the underlying and reported basic and diluted earnings per share were HK0.66 cent ^(Note). 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.
- The Directors do not recommend the payment of any interim dividend for 1H FY2024.

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 2023 (“**2Q FY2024**”) and 1H FY2024, together with the comparative unaudited figures for the three months ended 30 September 2022 (“**2Q FY2023**”) and 1H FY2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT FOR 1H FY2023 AND 1H FY2024

		2Q FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
	<i>Notes</i>				
Revenue	3	12,977	10,203	25,409	24,665
Other income	5	77	295	147	493
Decrease in fair value of investment properties		–	(1,000)	–	(1,000)
Changes in fair value of derivative financial liabilities		1	22	(1)	24
Property expenses		(2,442)	(2,642)	(5,017)	(5,089)
Administrative and operating expenses		(6,020)	(5,806)	(10,325)	(13,211)
Share of results of associate		32	25	39	28
Finance costs	6	(1,346)	(1,058)	(2,554)	(1,933)
Profit before tax		3,279	39	7,698	3,977
Income tax expense	7	(1,031)	(862)	(2,238)	(1,776)
Profit/(Loss) for the period	8	2,248	(823)	5,460	2,201
Profit/(Loss) for the period attributable to:					
Owners of the Company		2,210	(902)	5,334	2,079
Non-controlling interests		38	79	126	122
		2,248	(823)	5,460	2,201



		2Q FY2024 (Unaudited) HK cent	2Q FY2023 (Unaudited) HK cent	1H FY2024 (Unaudited) HK cent	1H FY2023 (Unaudited) HK cent
	<i>Notes</i>				
Earnings/(Loss) per share based on profit/(loss) attributable to owners of the Company (reported earnings/(loss) per share)					
– Basic	<i>10</i>	0.27	(0.11)	0.66	0.26
– Diluted		0.27	(0.11)	0.66	0.26

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 1H FY2023 AND 1H FY2024

	2Q FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Profit/(Loss) for the period	2,248	(823)	5,460	2,201
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	(10,665)	(18,837)	(38,919)	(55,109)
Share of translation reserve of an associate	8	(2)	(41)	(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”)	(225)	(71)	(322)	(83)
Other comprehensive expenses for the period	(10,882)	(18,910)	(39,282)	(55,194)
Total comprehensive expense for the period	(8,634)	(19,733)	(33,822)	(52,993)
Total comprehensive expense for the period attributable to:				
Owners of the Company	(8,312)	(19,643)	(32,630)	(52,693)
Non-controlling interests	(322)	(90)	(1,192)	(300)
	(8,634)	(19,733)	(33,822)	(52,993)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023 and 30 September 2023

	<i>Notes</i>	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	37,927	38,397
Investment properties	11	505,168	547,567
Interests in an associate		394	395
Financial assets at FVTOCI	12	835	1,159
Club memberships		1,700	1,702
Deferred tax asset		609	1,132
Deposit paid for acquisition of investment property		–	590
Prepayment	13	158	216
		546,791	591,158
Current assets			
Trade and other receivables	13	3,581	3,088
Deposits placed in financial institution		156	116
Bank balances and cash		33,913	35,658
		37,650	38,862
Current liabilities			
Trade and other payables	14	9,840	10,548
Tax payable		5,471	5,729
Secured bank borrowings	15	56,255	59,160
		71,566	75,437
Net current liabilities		(33,916)	(36,575)
Total assets less current liabilities		512,875	554,583



	<i>Notes</i>	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Non-current liabilities			
Secured bank borrowings	15	96,610	102,310
Derivative financial instruments	16	16	53
Other payables – tenant deposits – over 1 year	14	899	1,033
Deferred tax liabilities		26,411	28,882
		123,936	132,278
		388,939	422,305
Capital and reserves			
Share capital	17	8,125	8,125
Reserves		367,941	400,008
Equity attributable to owners of the Company		376,066	408,133
Non-controlling interests		12,873	14,172
		388,939	422,305

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1H FY2024

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium (note (i)) HK\$'000	Other reserve (note (ii)) 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 2023 (audited)	8,125	74,302	98,819	(957)	11,319	151	(80,670)	297,044	408,133	14,172	422,305
Profit for the period	-	-	-	-	-	-	-	5,334	5,334	126	5,460
Other comprehensive (expenses) income for the period:											
Change in fair value of financial assets at FVTOCI	-	-	-	(322)	-	-	-	-	(322)	-	(322)
Share of translation reserve of an associate	-	-	-	-	-	-	(41)	-	(41)	-	(41)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(37,601)	-	(37,601)	(1,318)	(38,919)
	-	-	-	(322)	-	-	(37,642)	-	(37,964)	(1,318)	(39,282)
Total comprehensive (expenses) income for the period	-	-	-	(322)	-	-	(37,642)	5,334	(32,630)	(1,192)	(33,822)
Share based payments	-	-	-	-	-	563	-	-	563	-	563
Dividend paid to non-controlling shareholders (note 9)	-	-	-	-	-	-	-	-	-	(107)	(107)
At 30 September 2023 (unaudited)	8,125	74,302	98,819	(1,279)	11,319	714	(118,312)	302,378	376,066	12,873	388,939

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1H FY2023

Attributable to owners of the Company

	Share capital HK\$'000	Share premium (note (i)) HK\$'000	Treasure stock HK\$'000	Other reserve (note (ii)) 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 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



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 FY2023 AND 1H FY2024

	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Operating activities		
Cash generated from operating activities	9,666	8,007
Income tax paid	(258)	(1,240)
Net cash generated from operating activities	9,408	6,767
Investing activities		
Dividend received from financial assets at FVTOCI	40	59
Deposit paid for acquisition of investment property	590	–
Additions to investment properties	(11,223)	(1,999)
Additions to property, plant and equipment	(33)	(12)
Interest received	31	2
Net cash used in investing activities	(10,595)	(1,950)
Financing activities		
Interest paid	(2,282)	(1,921)
New borrowings raised	14,412	30,054
Repayment of borrowings	(9,726)	(31,543)
Dividends paid	(107)	(94)
Net cash generated from/(used in) financing activities	2,297	(3,504)
Net increase in cash and cash equivalents	1,110	1,313
Cash and cash equivalents at beginning of period	35,774	34,659
Effect of foreign exchange rate changes	(2,815)	(1,798)
Cash and cash equivalents at end of period	34,069	34,174
Analysis of components of cash and cash equivalents:		
Deposits placed in financial institution	156	108
Bank balances and cash	33,913	34,066
	34,069	34,174



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 FY2024 (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 2023.

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 2023 (the “**2023 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 2023 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 2023.

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 2023

In 1H FY2024, the Group has applied, for the first time, the following amendments to HKFRSs, which include HKFRS, HKAS and amendments, issued by the HKICPA.

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

The application of the above amendments to HKAS and HKFRS in 1H FY2024 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 FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by the major services line:				
Corporate finance and other consultancy services income	5,494	2,650	10,018	9,008
Revenue from other source:				
Rental income for investment properties under operating leases – fixed lease payments (<i>Note</i>)	7,483	7,553	15,391	15,657
	12,977	10,203	25,409	24,665

Revenue generated from provision of corporate finance and other consultancy services during 1H FY2024 and 1H FY2023 are recognised over time.

3. REVENUE (CONTINUED)

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

	2Q FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Gross rental income from investment properties	7,483	7,553	15,391	15,657
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	(2,442)	(2,642)	(5,017)	(5,089)
Net rental income	5,041	4,911	10,374	10,568

Transaction price allocated to the remaining performance obligations

As at 30 September 2023, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is HK\$4.8 million (30 September 2022: HK\$3.1 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\$4.8 million and nil (30 September 2022: HK\$3.1 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 FY2024			2Q FY2023		
	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	5,494	7,483	12,977	2,650	7,553	10,203
RESULT						
Segment profit	3,466	4,110	7,576	1,391	2,827	4,218
Other income and expenses, net			(3,537)			(3,817)
Share of results of an associate			32			25
Finance costs			(792)			(387)
Profit before tax			3,279			39

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	1H FY2024			1H FY2023		
	Advisory and consultancy (Unaudited)	Proprietary investments (Unaudited)	Total (Unaudited)	Advisory and consultancy (Unaudited)	Proprietary investments (Unaudited)	Total (Unaudited)
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000 (Restated)	HKS'000 (Restated)
REVENUE						
External revenue and segment revenue	10,018	15,391	25,409	9,008	15,657	24,665
RESULT						
Segment profit	5,775	8,501	14,276	4,619	7,592	12,211
Other income and expenses, net			(5,199)			(7,593)
Share of results of an associate			39			28
Finance costs			(1,418)			(669)
Profit before tax			7,698			3,977

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 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Segment assets		
Advisory and consulting	2,350	1,623
Proprietary investments	507,314	550,625
Total segment assets	509,664	552,248
Unallocated	74,777	77,772
Total assets	584,441	630,020

	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Segment liabilities		
Advisory and consulting	634	545
Proprietary investments	114,315	121,610
Total segment liabilities	114,949	122,155
Unallocated	80,553	85,560
Total liabilities	195,502	207,715

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 FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Advisory and consulting				
Sponsorship services	1,042	–	1,042	2,022
Financial advisory services	2,867	1,561	6,731	5,015
Compliance advisory services	675	633	1,163	1,255
Other corporate finance services	910	456	1,082	716
	5,494	2,650	10,018	9,008
Proprietary investments				
Rental income	7,483	7,553	15,391	15,657
	12,977	10,203	25,409	24,665

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 FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Hong Kong	5,854	3,010	10,738	9,743
Japan	7,123	7,193	14,671	14,922
	12,977	10,203	25,409	24,665

During 1H FY2024 and 1H FY2023, there was no single customer contributing over 10% of the Group's total revenue.

5. OTHER INCOME

	2Q FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Bank interest income	62	–	106	2
Dividend income from financial asset at FVTOCI	15	23	40	59
Reversal of impairment loss of trade receivables, net	–	9	1	9
Others <i>(Note)</i>	–	263	–	423
	77	295	147	493

5. OTHER INCOME (CONTINUED)

Note: 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 FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Interests on:				
Secured bank borrowings	1,346	1,058	2,554	1,933
	1,346	1,058	2,554	1,933

7. INCOME TAX EXPENSE

	2Q FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Current tax:				
Hong Kong profits tax				
– over provision in respect of prior periods	–	(7)	–	(7)
	–	(7)	–	(7)
Japanese corporate income tax	75	45	116	101
Japanese withholding tax	405	323	847	776
	480	361	963	870
Deferred taxation	551	501	1,275	906
	1,031	862	2,238	1,776

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 FY2024 and 1H FY2023, 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 FY2024 (1H FY2023: 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 FY2024 and 1H FY2023.

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 FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Profit/(Loss) for the period has been arrived at after charging:				
Staff cost, excluding directors' emoluments:				
– Salaries, bonus and other benefits	1,878	2,128	4,331	5,156
– Contributions to retirement benefits schemes	49	62	96	128
– Share based payments-share awards	42	368	563	509
Total staff costs, excluding directors' emoluments	1,969	2,558	4,990	5,793
Directors' emoluments	828	703	996	1,407
Auditor's remuneration	165	175	330	350
Depreciation of property, plant and equipment	258	256	513	512
Reversal of impairment loss of trade receivable, net	–	(415)	(1)	–
Net exchange (gain)/loss	(29)	670	(220)	1,854

9. DIVIDENDS

	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Dividends recognised as distribution to non-controlling interests during the periods by:		
Smart Tact Property Investment Limited (“ Smart Tact ”)		
2023 interim, paid – JPY820 per share (equivalent to HK\$45 per share)	41	–
2022 interim, paid – JPY553 per share (equivalent to HK\$32 per share)	–	29
I Corporation		
2023 interim, paid – JPY23,800 per share (equivalent to HK\$1,304 per share)	18	–
2022 interim, paid – JPY23,405 per share (equivalent to HK\$1,362 per share)	–	19
EXE Rise Shimodori Investor Limited (“ EXE ”)		
2023 interim, paid – JPY26,406 per share (equivalent to HK\$1,447 per share)	17	–
2022 interim, paid – JPY23,530 per share (equivalent to HK\$1,369 per share)	–	16
Residence Motoki Investment Limited (“ Residence ”)		
2023 interim, paid – JPY450 per share (equivalent to HK\$25 per share)	31	–
2022 interim, paid – JPY400 per share (equivalent to HK\$23 per share)	–	30
	107	94

The Directors do not recommend the payment of any interim dividend for 1H FY2024 (1H FY2023: 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 FY2024 '000	2Q FY2023 '000	1H FY2024 '000	1H FY2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	812,500	806,720	812,500	806,777
Effect of dilutive potential ordinary shares:				
Share Awards (as defined below)	2,164	6,521	–	5,079
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	814,664	813,241	812,500	811,856

(b) Reported earnings/(loss)

	2Q FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (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)	2,210	(902)	5,334	2,079

11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the 1H FY2024, the Group spent HK\$33,000 (1H FY2023: HK\$12,000) on additions to property, plant and equipment and HK\$11,223,000 (1H FY2023: HK\$1,999,000) on additions to investment properties.

The Group had pledged its land and building with a carrying value of HK\$37,866,000 and HK\$38,358,000 to secure bank borrowings of the Group as at 30 September 2023 and 31 March 2023 respectively.

The Group had pledged its investment properties with a carrying value of HK\$480,291,000 and HK\$519,571,000 to secure bank borrowings of the Group as at 30 September 2023 and 31 March 2023 respectively.

The Group recognised no movement in fair value of investment properties in the statement of profit or loss account for 1H FY2024 (1H FY2023: a decrease of HK\$1,000,000).

For investment properties, there has been no change from valuation technique used and described in the 2023 Financial Information during the 1H FY2024 and 1H FY2023. 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 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Equity instruments designated at FVTOCI		
– Listed	830	1,011
– Unlisted	5	148
Total	835	1,159

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 2023 Financial Information during the 1H FY2024 and 1H FY2023. There were no transfers between levels of fair value hierarchy during both periods.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Receivables at amortised cost comprise:		
Trade receivables (<i>Note</i>)	2,331	1,449
<i>Less:</i> allowances for impairment of trade receivables	(2)	(3)
	2,329	1,446
Other receivables and prepayment	1,410	1,858
	3,739	3,304

Note:

As at 30 September 2023, lease receivables amounting to HK\$25,000 (as at 31 March 2023: HK\$16,000) are included in trade receivables. The remaining balances of HK\$2,305,000 (as at 31 March 2023: HK\$1,433,000) 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 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
– Within 30 days	1,920	195
– More than 30 but within 60 days	90	17
– More than 60 but within 90 days	316	390
– More than 90 but within 180 days	3	844
	2,329	1,446

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (CONTINUED)

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

	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Balance at the beginning of the period	3	131
Reversal of impairment loss	(1)	(9)
Amounts written off as uncollectible	–	(101)
Exchange realignment	–	(4)
Balance at the end of the period	2	17

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 FY2024 and 1H FY2023.

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 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Deposits	77	78
Prepayments	1,081	1,528
Other receivables	252	252
	1,410	1,858

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 2023 and 31 March 2023 as there has not been a significant change in the credit risk since initial recognition.

14. TRADE AND OTHER PAYABLES

	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Trade payables	97	114
Other payables	10,642	11,467
	10,739	11,581

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 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
On demand or within one year	42,625	45,093
After one year but within two years	9,475	9,462
After two years but within five years	23,869	25,136
After five years	76,896	81,779
	152,865	161,470
Carrying amount of secured bank borrowings that are not repayable on demand or within one year from the end of the reporting period but contain a repayment on demand clause	13,942	14,067
Carrying amount repayable on demand or within one year	42,313	45,093
Amounts shown under current liabilities	56,255	59,160
Amounts shown under non-current liabilities	96,610	102,310
	152,865	161,470

As at 30 September 2023, bank borrowings of HK\$48,139,000 (as at 31 March 2023: HK\$50,021,000) 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 1.11% to 2.85% per annum (1H FY2023: 1.09% to 2.55%) and at variable interest rates ranging from 1.09% to 7.60% per annum (1H FY2023: 1.26% to 4.22%).

As at 30 September 2023 and 31 March 2023, 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 2023 (Unaudited) Liabilities HK\$'000	At 31 March 2023 (Audited) Liabilities HK\$'000
Interest rate swaps	16	53

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 2023 Financial Information during the 1H FY2024 and 1H FY2023. 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 2023 (unaudited) and 31 March 2023 (audited)	5,000,000,000	50,000
Issued and fully paid as at 30 September 2023 (unaudited) and 31 March 2023 (audited)	812,500,000	8,125

18. SHARE AWARDS

During 1H FY2024, the movement of share awards granted are as follows:

Date of deeds/letter of grant	Grantee(s)	Notes	Number of new shares of the Company awarded	Number of respective shares awarded			To be vested and issued as at 30 September 2023
				Vested and issued, or lapsed as at 1 April 2023	Vested during 1H FY2024	Lapsed during 1H FY2024	
4 January 2022 and 30 June 2022	Two then executive directors of a wholly-owned subsidiary of the Group; and eleven employees of the Group who are independent third parties	1, 2	1,920,000 (the "2022 Connected Grant")	960,000	-	-	960,000
			3,820,000 (the "2022 Selected Employees Grant")	2,700,000	-	160,000	960,000
21 July 2023	Seven Employee Participants	3 and 4	10,360,000 (the "2023 Selected Employees Grant")	-	1,480,000	-	8,880,000
			16,100,000	3,660,000	1,480,000	160,000	10,800,000

18. SHARE AWARDS (CONTINUED)

Notes:

1. Details of the 2022 Connected Grants 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.
2. Both of two then executive directors of a wholly-owned subsidiary of the Group relinquished such directorship on 5 July 2023.
3. As set out in the announcement and circular of the Company dated 21 July 2023, subject to the necessary approvals by the shareholders at the Extraordinary General Meeting (the “EGM”) in relation to, among other things, the adoption of the 2023 Share Scheme, the Board had resolved to award conditionally in aggregate of 10,360,000 awarded shares to seven selected employee participants (the “2023 Selected Employees Grant”). Such grant to the selected employee participants of award of new shares will be credited as fully paid.

The 2023 Share Scheme had been approved by the shareholders of the Company at the EGM held on 8 August 2023 and had been adopted on 10 August 2023 on which date the Company obtained the Listing Approval.

4. As at 30 September 2023, 1,480,000 awarded shares had been vested.

19. OPERATING LEASE COMMITMENTS

The Group as lessor

During 1H FY2024 and the year ended 31 March 2023, the properties of the Group held for rental purpose were expected to generate rental yields of 6.0% and 5.7% respectively, on an ongoing basis. Those units which were leased out have committed tenants for different tenure ranging from one to fifteen years as at 30 September 2023 (as at 31 March 2023: one to fifteen 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 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Within one year	3,393	3,796
In the second to fifth year inclusive	–	360
	3,393	4,156

20. CONTINGENT LIABILITIES

As at 30 September 2023, 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 2023: nil).

21. RELATED PARTY TRANSACTIONS

(a) Transactions

During 1H FY2024 and 1H FY2023, 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 FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
KK Ascent Plus	Associate	Asset management fee paid	335	320
		Guarantee fee paid	139	106

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 2023, the bank borrowings of HK\$34,776,000 (31 March 2023: HK\$29,990,000) 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 FY2024 (Unaudited) HK\$'000	2Q FY2023 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000	1H FY2023 (Unaudited) HK\$'000
Short-term benefits	1,566	1,414	2,326	3,411
Share based payments	308	110	335	218
Post-employment benefits	28	29	46	57
	1,902	1,553	2,707	3,686

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 2023 (Unaudited) HK\$'000	At 31 March 2023 (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	–	10,620



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 FY2024, the Group recorded an unaudited revenue of HK\$25.4 million, representing an increase of 3.0% as compared to 1H FY2023. Proprietary investments activities contributed 60.6% of total revenue recorded by the Group during 1H FY2024, 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 FY2024 increased by 11.2% as compared to 1H FY2023, augmented by non rule-based advisory services.

In quarterly terms, revenue of this segment had increased in 2Q FY2024 compared with 2Q FY2023 for every category of 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, thus reaching the agreed billing milestones; 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 1.7% in 1H FY2024 to HK\$15.4 million (1H FY2023: HK\$15.7 million), mainly due to continued weakness of JPY. In JPY terms, the Group's rental income from Japan had in fact slightly improved to JPY267.7 million in 1H FY2024 from JPY256.4 million in 1H FY2023. During 1H FY2024, the Group completed the acquisition of an investment property namely Base 1st, which is located at 1 Chome-10-21, Shimoarata, Kagoshima City, Kagoshima Prefecture, Japan, for rental purpose at the consideration of JPY190.0 million. As at the end of 1H FY2024, the property investment portfolio of the Group consisted of 27 buildings in Japan and one commercial unit in Hong Kong (1H FY2023: 26 buildings in Japan and one commercial unit in Hong Kong). The property in Hong Kong was fully occupied during 1H FY2024, while the occupancy rate for the portfolio in Japan was 94.5% (1H FY2023: 92.1%).

Due to the weakness of JPY, a negative exchange difference arising on translation of foreign operations of HK\$38.9 million was recorded during the 1H FY2024 (1H FY2023: negative exchange difference of HK\$55.1 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\$5.5 million in 1H FY2024 compared with an underlying net profit of HK\$3.2 million in 1H FY2023. 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\$5.5 million in 1H FY2024 with no fair value change in investment properties (1H FY2023: HK\$2.2 million).

Financial Review

Revenue

The revenue of the Group by business activities during 1H FY2024 and 1H FY2023 is set out below.

	1H FY2024		1H FY2023	
	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	1,042	1	2,022	1
Financial advisory services ^(Note)	6,731	41	5,015	35
Compliance advisory services	1,163	7	1,255	7
Other corporate finance services	1,082	7	716	10
Subtotal	10,018		9,008	
<i>Proprietary investments</i>				
Rental income from properties in Japan	14,671	27	14,922	26
Rental income from properties in Hong Kong	720	1	735	1
Subtotal	15,391		15,657	
Total	25,409		24,665	



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 decreased from HK\$2.0 million in 1H FY2023 to HK\$1.0 million in 1H FY2024, due to timing difference of achieving certain milestones of the ongoing project.

Revenue from financial advisory services increased from HK\$5.0 million in 1H FY2023 to HK\$6.7 million in 1H FY2024, augmented by non rule-based services.

Revenue from compliance advisory services had maintained stable.

Rental income from Japan slightly decreased in HK\$ terms in 1H FY2024 due to weaker JPY relative to HK\$.

Other income

Other income decreased from HK\$0.5 million in 1H FY2023 to HK\$0.1 million in 1H FY2024 mainly due to no government subsidies from the Employment Support Scheme in 1H FY2024.

Property expenses

Property expenses in 1H FY2024 slightly decreased by 1.4% to HK\$5.0 million as compared with HK\$5.1 million in 1H FY2023 due to weakness of JPY as property expenses were mainly related to the Japan property portfolio.

Administrative and operating expenses

Administrative and operating expenses decreased to HK\$10.3 million in 1H FY2024 from HK\$13.2 million in 1H FY2023. Such decrease was mainly attributable to lower total staff cost of HK\$6.0 million in 1H FY2024 (1H FY2023: HK\$7.2 million). The Group also recorded a net exchange gain of HK\$0.2 million in 1H FY2024 compared to a net exchange loss of HK\$1.9 million in 1H FY2023. As explained in the FY2023 third quarterly report, out of the aforesaid net exchange loss of HK\$1.9 million, HK\$1.1 million was loss related to the translation of Japan operations of the Group from JPY to HK\$ and was reclassified to other comprehensive expense.

Share of results of associate

The Group shared a gain of associate KK Ascent Plus of HK\$39,000 during 1H FY2024 (1H FY2023: HK\$28,000).

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 FY2024 was higher when compared with 1H FY2023 due to combined effects of (i) higher revenue; and (ii) lower administrative and operating expenses, as explained above.

	1H FY2024 HKS'000	1H FY2023 HKS'000
Profit for the period	5,460	2,201
<i>Excluding:</i>		
Decrease in fair value of investment properties	–	1,000
Adjusted profit for the period	5,460	3,201

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 2023 (Unaudited) HKS'000	As at 31 March 2023 (Audited) HKS'000
Current assets	37,650	38,862
Current liabilities	71,566	75,437
Current ratio (times) <i>(Note 1)</i>	0.5	0.5
Gearing ratio (%) <i>(Note 2)</i>	39.3	38.2

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\$33.9 million and HK\$36.6 million as at 30 September 2023 and 31 March 2023 respectively.

The net current liabilities position was primarily attributable to the classification as current liabilities (in accordance with the HKFRS) of loans of HK\$33.9 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 2023 increased slightly to 39.3% compared with 38.2% as at 31 March 2023 mainly due to decrease in total equity caused by depreciation in JPY.

Cash and bank balances

As at 30 September 2023, the Group had cash and bank balances amounted to HK\$33.9 million (as at 31 March 2023: HK\$35.7 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 2023, HK\$65.5 million (as at 31 March 2023: HK\$71.0 million) of the interest bearing loans of the Group had variable interest rates. The underlying interest coverage ratio (being profit before tax adding back finance costs and deducting net increase in fair value of investment properties divided by finance costs) as at 30 September 2023 was 4.0 times (as at 31 March 2023: 3.7 times). The higher underlying interest coverage ratio was in line with the Group’s higher underlying profit during 1H FY2024.

Charges on the assets of the Group

As at 30 September 2023, (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 2023, the Group had no capital commitment relating to improvement works of investment properties (as at 31 March 2023: HK\$10.6 million).

Contingent liabilities

As at 30 September 2023, the Group did not have any significant contingent liabilities (as at 31 March 2023: nil).

Dividend

The Board does not recommend the payment of any interim dividend for 1H FY2024.

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

During 1H FY2024, the Group did not hold any significant investment other than the property investment portfolio in its ordinary and usual course of business. During 1H FY2024, the Group completed the acquisition of an investment property namely Base 1st, which is located at 1 Chome-10-21, Shimoarata, Kagoshima City, Kogoshima Prefecture, Japan, for rental purpose at the consideration of JPY190.0 million. There was no material 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, a negative exchange difference arising on translation of foreign operations in Japan of HK\$38.9 million was also recorded during 1H FY2024 (1H FY2023: HK\$55.1 million), resulting in total comprehensive expense of HK\$33.8 million during 1H FY2024 (1H FY2023: HK\$53.0 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 FY2024, 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 2023, the aggregate outstanding amount in relation to such borrowings amounted to HK\$6.9 million (as at 30 September 2022: HK\$8.5 million).

OUTLOOK AND STRATEGY

Advisory and consulting

During the six months of 1H FY2023, the Hong Kong financial markets were marred by weak sentiments which saw Hang Seng Index hovering at year-to-date low level.

Amidst this, the Group will maintain its strategy of enhancing market visibility for rule-based financial advisory work through providing high quality services and offering competitive fee level. Notable progress was made on developing the Group's strategic corporate finance consulting work and it intends to continue its efforts in this respect.

Proprietary investments

Hong Kong

We have observed weakness in the office market in Central, Hong Kong with new supply entering the market. This will put pressure on both occupancy and rental rates. The Group nevertheless expects stable rental income contribution from the Group's investment property in Central, Hong Kong during its existing lease which tenure will run till July 2024.

Japan

The rental operations of the Group's Japan property portfolio are expected to be stable. Rental contributions from Japan in HK\$ terms will be subject to fluctuations of JPY relative to HK\$.

The Group will continue with its initiative of unlocking the value of some of its older properties such as refurbishment and redevelopment to enhance rental and sale value, and outright sale etc. Sale decisions will take into account factors such as the price being offered and net proceeds from such sale, the future capital expenditure to be incurred for these older properties, and the deployment opportunities of the sale proceeds.

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 2023, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Interest or short positions in the shares of the Company:

Name of Director	Capacity and nature of interests	Number of shares interested ^(Note 2)	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ip ^(Note 1)	Beneficiary of a trust	557,200,000 (L)	68.58
	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)	2.76
Ms. Leung Churk Yin Jeanny (“Ms. Leung”)	Beneficial owner	9,400,000 (L)	1.16

Notes:

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

Interests in associated corporations of the Company:

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

Notes:

- (1) The letter “L” denotes a long position in the shares of these associated corporations of the Company.
- (2) KHHL is deemed to be interested in the Company in long position through its wholly-owned subsidiary, Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Heccio 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 2023, 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 FY2024 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

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

As at 30 September 2023, 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 the other members of the Group as follows:

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

Name of shareholder	Capacity and nature of interest	Number of shares interested ^(Note 1)	Approximate percentage of the total issued share capital of the Company (%)
Flying Castle Limited ^(Note 2)	Beneficial owner	557,200,000 (L)	68.58
KHHL ^(Note 2)	Interest in a controlled corporation	557,200,000 (L)	68.58
The Trustee ^(Note 2)	Trustee	557,200,000 (L)	68.58
Ms. Chan ^(Note 2)	Founder of a discretionary trust	557,200,000 (L)	68.58
	Beneficial owner	1,250,000 (L)	0.15
Mr. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	68.58
	Beneficial owner	1,250,000 (L)	0.15
	Interest of spouse	1,250,000 (L)	0.15
Ms. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	68.58
	Beneficial owner	1,250,000 (L)	0.15
Ms. Ho ^(Note 3)	Interest of spouse	558,450,000 (L)	68.73
	Beneficial owner	1,250,000 (L)	0.15
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.45

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 2023, had or 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 FY2024.

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 FY2024 and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2023, the Group had 15 staff (30 September 2022: 19). 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.

TERMINATION OF SHARE OPTION SCHEME AND ADOPTION OF 2023 SHARE 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 FY2024 and up to 10 August 2023, no share option was granted by the Company and there was no share option outstanding under the Share Option Scheme as at 30 September 2023.

As announced by the Company on 21 July 2023, in order to observe the amendments to Chapter 23 of the GEM Listing Rules, the Company had proposed to terminate the then existing Share Option Scheme (with effect from the adoption date of the 2023 Share Scheme) and to adopt the 2023 Share Scheme. Summary of the principal terms of the 2023 Share Scheme was contained in Appendix I to the Company's circular dated 21 July 2023. Terms used below in relation to the 2023 Share Scheme shall bear the same meanings as those defined in the Company's circular dated 21 July 2023.

The 2023 Share Scheme had been approved by the shareholders at the EGM held on 8 August 2023 and had been adopted on 10 August 2023 on which date the Company obtained the Listing Approval.

With effect from 10 August 2023 and up to the date of this report, (i) no share option was granted by the Company and there was no share option outstanding under the 2023 Share Scheme as at 30 September 2023; and (ii) 10,360,000 share awards were granted under the 2023 Share Scheme as at 30 September 2023, of which 1,480,000 awarded shares had been vested as at 30 September 2023.



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 FY2024.

TERMINATION OF THE JANUARY 2023 CONDITIONAL GRANT OF SHARE AWARDS

As announced by the Company on 21 July 2023, in light of the adoption of the 2023 Share Scheme and for ease of administration, on 14 July 2023, the Company and the two selected employees had terminated the conditional grants of 240,000 awarded shares as set out in the Company's announcements dated 5 and 13 January 2023.

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 FY2024.

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 FY2024 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 2023, 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%.

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 FY2024 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 2023

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