

ALTUS.

Altus Holdings Limited

incorporated in the Cayman Islands with limited liability

Stock Code : 8149

FY2025 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\$22.2 million for the six months ended 30 September 2024 (“**1H FY2025**”), representing a decrease of 12.6% when compared with HK\$25.4 million for the six months ended 30 September 2023 (“**1H FY2024**”).
- The Group recorded reported loss and underlying profit for the period ^(Note) of HK\$5.4 million and HK\$1.6 million attributable to the owners of the Company respectively in 1H FY2025 compared with both reported and underlying profit for the period of HK\$5.3 million in 1H FY2024.

The reported loss and decrease in underlying profit in 1H FY2025 compared with 1H FY2024 were mainly due to a decrease in fair value of investment properties and weakness of JPY during 1H FY2025 compared with 1H FY2024.

- While JPY/HK\$ was weaker during 1H FY2025 compared with during 1H FY2024, JPY/HK\$ exchange rate was higher as at 30 September 2024 compared with as at 31 March 2024. As a result, the Group recorded a positive exchange difference arising on translation of its foreign operations in Japan of HK\$16.4 million as at 30 September 2024, resulting in total comprehensive income of HK\$11.6 million for 1H FY2025.
- For 1H FY2025, the underlying basic and diluted earnings per share attributable to the owners of the Company were both HK0.19 cent ^(Note), and the reported basic and diluted loss per share attributable to the owners of the Company were both HK0.66 cent. For 1H FY2024, the underlying and reported basic and diluted earnings per share attributable to the owners of the Company were HK0.66 cent ^(Note).
- The Directors recommend the payment of interim dividend of Hong Kong 0.08 cent per ordinary share of the Company for 1H FY2025 (1H FY2024: nil).

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated results of the Group for 1H FY2025, together with the comparative unaudited figures for 1H FY2024, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR 1H FY2024 AND 1H FY2025

	<i>Notes</i>	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Revenue	3	22,198	25,409
Other income	5	200	147
Decrease in fair value of investment properties	11	(7,000)	–
Changes in fair value of derivative financial liabilities		–	(1)
Property expenses		(4,862)	(5,017)
Administrative and operating expenses		(12,019)	(10,325)
Share of results of an associate		41	39
Finance costs	6	(2,134)	(2,554)
(Loss)/Profit before tax		(3,576)	7,698
Income tax expense	7	(1,486)	(2,238)
(Loss)/Profit for the period	8	(5,062)	5,460

Notes	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Other comprehensive income/(expense) for the period		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	16,388	(38,919)
Share of translation reserve of an associate	156	(41)
<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")	93	(322)
Other comprehensive income (expenses) for the period	16,637	(39,282)
Total comprehensive income (expenses) for the period	11,575	(33,822)

	<i>Notes</i>	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
(Loss)/Profit for the period attributable to:			
Owners of the Company		(5,404)	5,334
Non-controlling interests		342	126
		(5,062)	5,460
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		10,530	(32,630)
Non-controlling interests		1,045	(1,192)
		11,575	(33,822)
(Loss)/Earnings per share based on profit/(loss) attributable to owners of the Company (reported (loss)/earnings per share)			
– Basic	<i>10</i>	HK cent (0.66)	HK cent 0.66
– Diluted		(0.66)	0.66

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024 and 30 September 2024

	Notes	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	36,915	37,413
Investment properties	11	500,750	485,805
Interests in an associate		604	407
Financial assets at FVTOCI	12	819	727
Club memberships		1,701	1,699
Deferred tax asset		1	189
Deposit paid for acquisition of investment property		979	931
Prepayment	13	107	122
		541,876	527,293
Current assets			
Trade and other receivables	13	5,854	4,543
Deposits placed in financial institution		88	164
Bank balances and cash		61,738	45,387
Assets classified as held for sale		–	8,913
		67,680	59,007
Current liabilities			
Trade and other payables	14	9,479	11,339
Tax payable		7,767	6,848
Secured bank borrowings	15	58,137	56,176
		75,383	74,363
Net current liabilities		(7,703)	(15,356)
Total assets less current liabilities		534,173	511,937

	<i>Notes</i>	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Non-current liabilities			
Secured bank borrowings	15	100,292	90,524
Other payables – tenant deposits – over one year	14	827	835
Deferred tax liabilities		29,423	27,609
		130,542	118,968
		403,631	392,969
Capital and reserves			
Share capital	17	8,206	8,193
Reserves		382,205	371,843
Equity attributable to owners of the Company		390,411	380,036
Non-controlling interests		13,220	12,933
		403,631	392,969

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1H FY2025

	Attributable to owners of the Company											
	Share Capital HK\$'000	Share premium (note (i)) HK\$'000	Share repurchase reserve 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 2024 (audited)	8,193	75,222	-	98,819	(1,289)	11,319	504	(122,302)	309,670	380,036	12,933	392,969
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	(5,404)	(5,404)	342	(5,062)
Other comprehensive (expenses) income for the period:												
Change in fair value of financial assets at FVTOCI	-	-	-	-	93	-	-	-	-	93	-	93
Share of translation reserve of an associate	-	-	-	-	-	-	-	156	-	156	-	156
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	15,685	-	15,685	703	16,388
	-	-	-	-	93	-	-	15,841	-	15,934	703	16,637
Total comprehensive (expenses) income for the period	-	-	-	-	93	-	-	15,841	(5,404)	10,530	1,045	11,575
Repurchase of own shares (note 17)	-	-	(111)	-	-	-	-	-	-	(111)	-	(111)
Vested shares for share awards (note 18)	13	150	-	-	-	-	(163)	-	-	-	-	-
Share based payments	-	-	-	-	-	-	613	-	-	613	-	613
Dividends paid to non-controlling shareholders by subsidiaries (note 9(a))	-	-	-	-	-	-	-	-	-	-	(758)	(758)
Dividend approved and paid in respect of previous year (note 9(b))	-	-	-	-	-	-	-	-	(657)	(657)	-	(657)
At 30 September 2024 (unaudited)	8,206	75,372	(111)	98,819	(1,296)	11,319	954	(106,461)	308,609	390,411	13,220	403,631

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	(32,650)	(1,192)	(33,822)
Share based payments	-	-	-	-	-	563	-	-	563	-	563
Dividends paid to non-controlling shareholders by subsidiaries (note 9(a))	-	-	-	-	-	-	-	-	-	(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



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 purposes of recognising and rewarding their contributions, which were borne by the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR 1H FY2024 AND 1H FY2025

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Operating activities		
Cash generated from operating activities	3,264	9,666
Income tax paid	(12)	(258)
Net cash generated from operating activities	3,252	9,408
Investing activities		
Dividend received from financial assets at FVTOCI	36	40
Proceeds from disposal of investment property	9,195	–
Deposit paid for acquisition of investment property	–	590
Additions to investment properties	(167)	(11,223)
Additions to property, plant and equipment	(6)	(33)
Interest received	124	31
Net cash generated from/(used in) investing activities	9,182	(10,595)
Financing activities		
Interest paid	(2,329)	(2,282)
New borrowings raised	43,045	14,412
Repayment of borrowings	(37,731)	(9,726)
Payment of repurchase of own shares	(111)	–
Dividends paid	(1,415)	(107)
Net cash generated from financing activities	1,459	2,297
Net increase in cash and cash equivalents	13,893	1,110
Cash and cash equivalents at beginning of period	45,551	35,774
Effect of foreign exchange rate changes	2,382	(2,815)
Cash and cash equivalents at end of period	61,826	34,069
Analysis of components of cash and cash equivalents:		
Deposits placed in financial institution	88	156
Bank balances and cash	61,738	33,913
	61,826	34,069



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, asset management 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 FY2025 (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 21 November 2024.

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 2024 (“FY2024”) (the “2024 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 2024 Financial Information except for the application of new or revised HKFRSs issued by the HKICPA, which are effective for the financial year of the Group beginning on 1 April 2024.

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) Application of new and amendments to HKFRSs

In 1H FY2025, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning 1 April 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRSs in 1H FY2025 has had no material effect on the Group’s performance and financial positions for the current and prior periods and/or on the disclosures set out in the Unaudited Condensed Consolidated Interim Financial Statements.

(ii) Amendments to HKFRSs issued but not yet effective

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

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:

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by the major services line:		
Corporate finance, asset management and other consultancy services income	8,884	10,018
Revenue from other source:		
Rental income for investment properties under operating leases		
– fixed lease payments (<i>note</i>)	13,314	15,391
	22,198	25,409

Revenue generated from provision of corporate finance, asset management and other consultancy services during 1H FY2025 and 1H FY2024 are recognised over time.

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

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Gross rental income from investment properties	13,314	15,391
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	(4,862)	(5,017)
Net rental income	8,452	10,374



3. REVENUE (CONTINUED)

Transaction price allocated to the remaining performance obligations

As at 30 September 2024, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is HK\$5.8 million (30 September 2023: HK\$4.8 million). The amount represents revenue expected to be recognised in the future from provision of corporate finance, asset management and other consultancy services under various mandates. As evaluated by the management, revenue of HK\$5.2 million and HK\$0.6 million (30 September 2023: HK\$4.8 million and nil) are expected to be recognised within one year and more than one 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. Reportable segments in the name of “Advisory and consulting” has been modified as “Advisory, consulting and asset management” for FY2024 in line with business development of the Group.

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

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

	1H FY2025			1H FY2024		
	Advisory, consulting and asset management (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Advisory, consulting and asset management (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
REVENUE						
External revenue and segment revenue	8,884	13,314	22,198	10,018	15,391	25,409
RESULT						
Segment profit/(loss)	4,933	(598)	4,335	5,775	8,501	14,276
Other income and expenses, net			(6,827)			(5,199)
Share of results of an associate			41			39
Finance costs			(1,125)			(1,418)
(Loss)/Profit before tax			(3,576)			7,698

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 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Segment assets		
Advisory, consulting and asset management	2,763	3,292
Proprietary investments	505,515	497,531
Total segment assets	508,278	500,823
Unallocated	101,278	85,477
Total assets	609,556	586,300

	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Segment liabilities		
Advisory, consulting and asset management	1,356	1,193
Proprietary investments	139,810	115,305
Total segment liabilities	141,166	116,498
Unallocated	64,759	76,833
Total liabilities	205,925	193,331

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.

4. SEGMENT INFORMATION (CONTINUED)

Breakdown of revenue by services

A breakdown of the revenue by services of the Group under advisory, consulting and asset management and proprietary investments segments is as follows:

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Advisory, consulting and asset management		
Regulatory-driven	7,338	9,282
Special situation consulting	1,302	703
Asset management and others	244	33
	8,884	10,018
Proprietary investments		
Rental income	13,314	15,391
	22,198	25,409

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.

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Hong Kong	9,244	10,738
Japan	12,954	14,671
	22,198	25,409

During 1H FY2025 and 1H FY2024, there was no single customer contributing over 10% of the Group's total revenue.

5. OTHER INCOME

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Bank interest income	131	106
Dividend income from financial asset at FVTOCI	36	40
Reversal of impairment loss of trade receivables	33	1
	200	147

6. FINANCE COSTS

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Interests on secured bank borrowings	2,134	2,554

7. INCOME TAX EXPENSE

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Current tax:		
Japanese Corporate Income Tax	56	116
Japanese Withholding Tax	875	847
	931	963
Deferred taxation	555	1,275
	1,486	2,238

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the group did not have any assessable profits, after tax losses set-off, subject to Hong Kong Profits Tax for 1H FY2025 and 1H FY2024.

Under the Japan Corporate Income Tax Law, Japanese corporate income tax is calculated at 33.58% of the estimated assessable profits for 1H FY2025 (1H FY2024: 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 FY2025 and 1H FY2024.

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

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Profit/(Loss) for the period has been arrived at after charging (crediting):		
Staff cost, excluding directors' emoluments:		
– Salaries, bonus and other benefits	4,425	4,331
– Contributions to retirement benefits schemes	103	96
– Share based payments-share awards	613	563
Total staff costs, excluding directors' emoluments	5,141	4,990
Directors' emoluments	1,661	996
Auditor's remuneration	330	330
Depreciation of property, plant and equipment	503	513
Reversal of impairment loss of trade receivable, net	(32)	(1)
Net exchange loss/(gain)	1,057	(220)

9. DIVIDENDS

(a) Dividends paid to non-controlling shareholders by subsidiaries

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Smart Tact Property Investment Limited ("Smart Tact")		
2023 interim, paid – JPY820 per share (equivalent to HK\$45 per share)	–	41
I Corporation		
2024 interim, paid – JPY17,614 per share (equivalent to HK\$904 per share)	13	–
2023 interim, paid – JPY23,800 per share (equivalent to HK\$1,304 per share)	–	18
EXE Rise Shimodori Investor Limited ("EXE")		
2024 interim, paid – JPY27,727 per share (equivalent to HK\$1,422 per share)	17	–
2023 interim, paid – JPY26,406 per share (equivalent to HK\$1,447 per share)	–	17
Lynton Gate Limited ("Lynton")		
2024 interim, paid – JPY397,900 per share (equivalent to HK\$20,412 per share)	20	–
Residence Motoki Investment Limited ("Residence")		
2024 interim, paid – JPY10,800 per share (equivalent to HK\$554 per share)	708	–
2023 interim, paid – JPY450 per share (equivalent to HK\$25 per share)	–	31
	758	107

9. DIVIDENDS (CONTINUED)

(b) Dividend approved and paid in respect of previous year

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Final dividend in respect of previous financial year, approved and paid during 1H FY2025 of 0.08 cent per share (1H FY2024: nil)	657	—

(c) Dividend payable attributable to the interim periods

The Directors recommend the payment of interim dividend of Hong Kong 0.08 cent per ordinary share of the Company for 1H FY2025 (1H FY2024: nil).

10. (LOSS)/EARNINGS 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) Reported (loss)/earnings

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
(Loss)/Earnings for the purpose of basic and diluted (loss)/earnings per share (Loss)/Profit for the period attributable to owners of the Company	(5,404)	5,334

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

(b) Number of shares

	1H FY2025 HK\$'000	1H FY2024 HK\$'000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share (<i>note</i>)	819,611	812,500
Effect of dilutive potential ordinary shares:		
Share awards	4,621	–
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	824,232	812,500

Notes:

- (i) During 1H FY2025, the Company repurchased its own 1,020,000 ordinary shares, which were recorded under share repurchase reserve as at 30 September 2024. Details are set out in note 17 below.
- (ii) During 1H FY2025, the Company issued 1,320,000 ordinary shares to the relevant employees upon vesting of share awards. Details are set out in note 18 below.



11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Property, plant and equipment

During the 1H FY2025, the Group spent HK\$6,000 (1H FY2024: HK\$33,000) on additions to property, plant and equipment.

The Group had pledged its land and building with a carrying value of HK\$36,882,000 and HK\$37,374,000 to secure bank borrowings of the Group as at 30 September 2024 and 31 March 2024 respectively.

Investment properties

During the 1H FY2025, the Group spent HK\$167,000 (1H FY2024: HK\$11,223,000) on additions to investment properties.

During 1H FY2025, the Group disposed of an investment property for a cash consideration of JPY178.0 million (equivalent to HK\$9.2 million) (1H FY2024: nil). As at 31 March 2024, such investment property had been classified as assets held for sale and disclosed under current assets in the consolidated statement of financial position at its fair value of JPY 172.4 million (equivalent to HK\$8.9 million).

During 1H FY2025, the Group recognised a decrease in fair value of investment properties in the consolidated statement of profit or loss of HK\$7,000,000 (1H FY2024: nil).

The Group had pledged its investment properties with a carrying value of HK\$471,810,000 and HK\$467,214,000 to secure bank borrowings of the Group as at 30 September 2024 and 31 March 2024 respectively.

For the investment properties in Japan, there has been no change of level 3 recurring fair value measurement during 1H FY2025 and 1H FY2024.

The investment property in Hong Kong, which based on a level 2 recurring fair value measurement had carrying value of HK\$69,000,000 as at 31 March 2024, was transferred from level 2 recurring fair value measurement to level 3 recurring fair value measurement, which gave rise to carrying value of HK\$62,000,000 during 1H FY2025 (1H FY2024: no transfer).

In the previous period, the fair value of the investment property in Hong Kong was determined under the market approach by reference to market evidence of transaction prices of similar properties in the similar locations and conditions. Due to insufficient observed market evidence of transaction prices, the aforesaid level 3 measurement was adopted having considered its appropriateness and the significance of using capitalisation of rental receivable approach.

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

Capitalisation of rental receivable approach measures the fair value of the property by taking into account the rental receivable of the property, which is then capitalised into the value of appropriate market yield. A significant increase/(decrease) in market yield of the property, and/or a significant (decrease)/increase in market unit rental of the property would result in a significant (decrease)/increase in fair value of the investment property.

The following table gives information about how the fair values of the investment properties as at 30 September 2024 and 31 March 2024 are determined (in particular, the valuation techniques and input used).

Fair value hierarchy	Fair value as at 30 September 2024 HK\$'000	Fair value as at 31 March 2024 HK\$'000	Valuation technique and key inputs	Significant unobservable inputs		Relationship key inputs and significant unobservable inputs to fair value
				Inputs	Range	
Investment property located in Hong Kong	–	69,000	Market Comparison approach – by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available	N/A	N/A	N/A
	62,000	–	Income approach – by reference to capitalisation of rental receivable approach	(i) Market yield (ii) Market unit rent per month (HK\$/sq. ft.)	3.2% 73	The higher the market yield and/or the lower the market unit rent per month, the lower the fair value
Investment properties located in Japan	438,750	416,805	Income approach – by reference to capitalised income derived from existing tenancies and the reversionary potential of the properties	Capitalisation rate	Ranged from 3.3% to 7.0% (2024: 3.3% to 7.0%)	The higher the capitalisation rate, the lower the fair value

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

The reconciliation of level 3 fair value measurements of investment properties on recurring basis is as follows:

	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Balance at the beginning of the period	416,805	474,567
Additions	167	12,526
Disposals	–	(12,356)
Reclassified as asset held for sale	–	(8,193)
Transfer from level 2 recurring fair value	69,000	–
Exchange realignment	21,778	(59,112)
(Decrease)/Increase in fair value recognised in profit or loss, net	(7,000)	10,093
Balance at the end of the period	500,750	416,805

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Equity instruments designated at FVTOCI		
– Listed	651	727
– Unlisted	168	–
Total	819	727

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 2024 Financial Information for the financial assets at FVTOCI during the 1H FY2025 and 1H FY2024. There were no transfers between levels of fair value hierarchy during both periods.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Receivables at amortised cost comprise:		
Trade receivables (<i>note</i>)	2,652	3,174
<i>Less:</i> allowances for impairment of trade receivables	(9)	(41)
	2,643	3,133
Other receivables and prepayment	3,318	1,532
	5,961	4,665

Note: As at 30 September 2024, lease receivables amounting to HK\$43,000 (as at 31 March 2024: HK\$101,000) were included in trade receivables. The remaining balances of HK\$2,609,000 (as at 31 March 2024: HK\$3,073,000) represented the trade receivables arising from contracts with customers.

	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Analysed for reporting purpose:		
Current portion	5,854	4,543
Non-current portion	107	122
Total	5,961	4,665

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (CONTINUED)

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 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
– Within 30 days	1,836	1,374
– More than 30 but within 60 days	147	45
– More than 60 but within 90 days	230	1,614
– More than 90 but within 180 days	430	100
	2,643	3,133

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

	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Balance at the beginning of the period	41	3
Impairment loss recognised	1	41
Reversal of impairment loss	(33)	–
Exchange realignment	–	(3)
	9	41

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

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (CONTINUED)

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

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

	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Deposits	77	77
Prepayments	1,576	1,273
Other receivables	1,665	182
	3,318	1,532

The ECL on other receivables are estimated individually by reference to past experience of default and their financial position and general economic condition of the industry at the reporting date. The internal credit rating of the other receivables are considered to be performing as at 30 September 2024 and 31 March 2024 as there has not been a significant change in the credit risk since initial recognition.

14. TRADE AND OTHER PAYABLES

	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Trade payables	77	87
Other payables (<i>note</i>)	10,229	12,087
	10,306	12,174
Analysed for reporting purpose:		
Current portion	9,479	11,339
Non-current portion	827	835
Total	10,306	12,174

The trade payables are due upon the receipt of invoices. All trade payables are aged within 30 days which are based on the invoice date 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.

Note: For 1H FY2025, rental deposits of approximately HK\$5,582,000 (FY2024: approximately HK\$5,875,000) and rental received in advance of approximately HK\$1,741,000 (FY2024: approximately HK\$1,743,000) are included in other payables.

15. SECURED BANK BORROWINGS

	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
On demand or within one year	44,509	42,369
After one year but within two years	13,956	14,100
After two years but within five years	22,654	21,157
After five years	77,310	69,074
	158,429	146,700
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	13,628	13,807
Carrying amount repayable on demand or within one year	44,509	42,369
Amounts shown under current liabilities	58,137	56,176
Amounts shown under non-current liabilities	100,292	90,524
	158,429	146,700

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 1.4% to 2.85% per annum (1H FY2024: 1.11% to 2.85%) and at variable interest rates ranging from 1.18% to 6.80% per annum (1H FY2024: 1.09% to 7.60%).

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. SHARE CAPITAL

The Company	Number of ordinary shares	Share capital HK\$'000
Ordinary share of HK\$0.01 each		
Authorised:		
As at 31 March 2023 (audited), 30 September 2023 (unaudited), 31 March 2024 (audited) and 30 September 2024 (unaudited)	5,000,000,000	50,000
Issued and fully paid:		
As at 31 March 2023 (audited) and 30 September 2023 (unaudited)	812,500,000	8,125
As at 31 March 2024 (audited) Share allotted (<i>note i</i>) (<i>note 18</i>)	819,300,000 1,320,000	8,193 13
As at 30 September 2024 (unaudited)	820,620,000	8,206

Notes:

- (i) These new shares rank pari passu with the existing shares in all respects.
- (ii) During 1H FY2025, the Company repurchased its own 1,020,000 ordinary shares, which were recorded under share repurchase reserve as at 30 September 2024. Details are set out in note 17 below.

17. REPURCHASE OF OWN SHARES

During 1H FY2025, the Company repurchased its own 1,020,000 ordinary shares on the Stock Exchange as follows:

Month	Number of ordinary shares repurchased	Highest price	Lowest price	Aggregate
		paid per share HK\$	paid per share HK\$	consideration paid HK\$'000
August 2024	390,000	0.11	0.105	42
September 2024	630,000	0.11	0.106	69
	1,020,000			111

Such share repurchases during 1H FY2025 were effected by the Directors, pursuant to the share buyback mandate from the Shareholders granted at the annual general meeting of the Company held on 8 August 2024, with a view to benefit the Company and the Shareholders as a whole by enhancing the net asset value and/or earnings per Share. The aggregate consideration paid on the repurchased shares of HK\$111,000 was paid wholly out of reserves of the Company. Such repurchased shares were recorded under share repurchase reserve as at 30 September 2024 and subsequently cancelled by the Company on 31 October 2024.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company for 1H FY2025.



18. SHARE SCHEMES

A share scheme (the “**2023 Share Scheme**”) was approved and adopted by the Company at the extraordinary general meeting held on 8 August 2023 (the “**Adoption Date**”). The purpose of the 2023 Share Scheme is to recognise and reward past contributions of, as well as to attract, retain and motivate any executive or non-executive director (excluding any independent non-executive director) or any employee of the Group (the “**Employee Participants**”), for their continual contribution to the growth and development of the Group, and to strengthen the many long-term relationships that the Employee Participants may have with the Group.

The Board shall, subject to and in accordance with the provisions of the 2023 Share Scheme and the GEM Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any business day within a period of ten (10) commencing on the Adoption Date: (a) to grant to the selected Employee Participants an award of new shares, credited as fully paid, as an incentive bonus; or (b) to make an offer to the selected Employee Participants as it may in its absolute discretion select, and subject such conditions as the Board may think fit, to subscribe for such number of shares (being a board lot for dealing in shares on GEM or an integral multiple thereof) as the Board may determine at the exercise price of share options. The 2023 Share Scheme shall be valid and effective until on the date which is ten (10) years after the Adoption Date on 8 August 2033.

Share options

During 1H FY2025, no share options were granted by the Company and there was no share option outstanding under the 2023 Share Scheme as at 1 April 2024 and 30 September 2024.

18. SHARE SCHEMES (CONTINUED)

Share awards

During 1H FY2025, the share awards granted by the Company under the 2023 Share Scheme and outstanding as at 1 April 2024 and 30 September 2024 are set out as follows:

Date of Grant	Grantees	Notes	Vesting Date	Purchase Price and Performance Targets	Unvested as at 1 April 2024	Number of respective shares awarded				Unvested as at 30 September 2024
						Granted during 1H FY2025	Vested during 1H FY2025	Cancelled during 1H FY2025	Lapsed During 1H FY2025	
8 August 2023	Seven Employee Participants	1, 2 and 3	To be vested by part on 30 September 2023, 31 December 2023, and 31 December 2024	-	5,480,000	-	-	-	-	5,480,000
(the "August 2023 Selected Employees Grant")										
22 December 2023	Eight Employee Participants	1, 2, 3 and 4	To be vested by part on 30 June 2024 and 31 December 2024	-	3,160,000	-	1,320,000	-	-	1,840,000
(the "December 2023 Selected Employees Grant")										
8 August 2024	Four Employee Participants	1, 2 and 3	To be vested by part on 31 October 2024, 31 December 2024 and 31 December 2025	-	-	5,160,000	-	-	-	5,160,000
(the "August 2024 Selected Employees Grant")										
					8,640,000	5,160,000	1,320,000	-	-	12,480,000



18. SHARE SCHEMES (CONTINUED)

Notes:

1. Grantees are employees of the Group. None of the Grantees is (i) a director, chief executive or substantial shareholder of the Company, or an associate (as defined under the GEM Listing Rules) of any of them; (ii) a participant with options and awards granted and to be granted exceeding 1% individual limit under the GEM Listing Rules; or (iii) a related entity participant or service provider of the Company.
2. The closing price of the shares immediately before the Date of Grant for the August 2023 Selected Employees Grant, the December 2023 Selected Employees Grant and the August 2024 Selected Employees Grant were HK\$0.141, HK\$0.123 and HK\$0.102 respectively.
3. The fair value of share awards at the Date of Grant for the August 2023 Selected Employees, the December 2023 Selected Employees Grant and the August 2024 Selected Employees Grant were HK\$1,461,000, HK\$389,000 and HK\$526,320 respectively. The accounting standard and policy adopted for the fair value was made in accordance with HKFRS 2 Share-based Payment issued by HKICPA.
4. For the December 2023 Selected Employees Grant, the weighted average closing price of the shares immediately before the vesting date of 30 September 2024 was HK\$0.107.

The number of options and awards available for grant under the 2023 Share Scheme at the beginning and the end of 1H FY2025 were 67,730,000 shares and 62,570,000 shares respectively.

The number of shares that may be issued in respect of options and awards granted under all schemes of the Company during 1H FY2025 was 5,160,000 shares, representing approximately 0.6% of the weighted average number of shares of the relevant class in issue for 1H FY2025 of 819,611,000 shares.

19. CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities (as at 31 March 2024: nil).

20. RELATED PARTY TRANSACTIONS

(a) Transactions

During 1H FY2025 and 1H FY2024, 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 FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
KK Ascent Plus	Associate	Asset management fee paid	264	335
		Guarantee fee paid	143	139

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 2024, the bank borrowings of HK\$43,124,000 (31 March 2024: HK\$34,618,000) were guaranteed by KK Ascent Plus, an associate of the Group.

20. 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:

	1H FY2025 (Unaudited) HK\$'000	1H FY2024 (Unaudited) HK\$'000
Short-term benefits	3,081	2,326
Share based payments	407	335
Post-employment benefits	57	46
	3,545	2,707

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

21. CAPITAL COMMITMENTS

The Group had the following capital commitments contracted for but not provided for in the Unaudited Condensed Consolidated Interim Financial Statements.

	At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
(a) Capital expenditure in respect of acquisition of investment properties	8,813	8,375
(b) Committed capital in respect of subscription of shares in fund	7,600	—



22. EVENTS AFTER THE REPORTING PERIOD

(a) **Completion of acquisition of investment properties**

As set out in the Company's announcements dated 20 December 2023, 1 March 2024 and 1 November 2024, the Group had (through Godo Kaisha Bohol, the TK Operator of a TK Arrangement under Smart Tact Property Investment Limited which is owned as to 90% by the Company indirectly) completed the acquisition of an investment property in Sapporo City, Japan for rental purpose at a cash consideration of JPY180.0 million (equivalent to HK\$9.8 million) on 1 November 2024.

(b) **Subscription of shares in fund**

On 30 September 2024, the Group (through Starich Resources Limited (the "Investor") which is indirectly wholly owned by the Company) entered into a subscription agreement to commit to invest an amount of JPY140.0 million (equivalent to HK\$7.6 million) (the "Commitment") in the Nippon Fudosan Fund (the "Fund"). The Fund is a newly set up sub-fund of Altus Zephyr Multi-Asset OFC and its investment objective is to achieve medium term capital appreciation and gains through investment in and disposal of commercial and residential real estates in Japan. Altus Capital Limited, an indirect wholly-owned subsidiary of the Company, is the fund manager of the Fund. Out of the Commitment, the Investor made the initial payment of JPY70.0 million (equivalent to approximately HK\$3.8 million) into the Fund on 10 October 2024. Payments for the remaining Commitment will be made based on capital call notice(s) issued by the fund manager. For details, please refer to the announcement of the Company dated 30 September 2024.

(c) **Repurchase of own shares and cancellation of shares**

Subsequent to the reporting period, the Company repurchased its own 230,000 ordinary shares in the Stock Exchange and paid aggregate consideration of HK\$25,000. Together with the 1,020,000 repurchased shares recorded under share repurchase reserve as at 30 September 2024, the Company's total of 1,250,000 repurchased shares were cancelled on 31 October 2024 and deducted from share capital and share premium accordingly. As such, the Company's number of issued and fully paid ordinary shares was reduced to 819,370,000 on 31 October 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Business Review

For 1H FY2025, the Group recorded an unaudited revenue of HK\$22.2 million, representing a decrease of 12.6% as compared to 1H FY2024. Proprietary investments activities contributed 60.2% of total revenue recorded by the Group during 1H FY2025, while the remaining revenue was derived from corporate finance, asset management and other consultancy service.

The Group's proprietary investments in Japan is subject to fluctuations of JPY exchange rates. JPY/HK\$ exchange rate had been volatile between 1 April 2023 and 30 September 2024. Average JPY/HK\$ exchange rate was weaker during 1H FY2025 compared with 1H FY2024. Meanwhile, JPY/HK\$ exchange rate as at 30 September 2024 was higher than as at 31 March 2024.

Corporate finance, asset management and other consultancy services

Revenue from corporate finance, asset management and other consultancy services for 1H FY2025 decreased by 11.3% as compared to 1H FY2024, mainly due to slower activities in the months of April to June 2024 as market sentiments were relatively weak and competition for services were keen.

The Directors wish to note that corporate finance, asset management 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 13.5% in 1H FY2025 to HK\$13.3 million (1H FY2024: HK\$15.4 million), mainly due to relative weakness of JPY/HK\$ exchange rate during 1H FY2025 compared to 1H FY2024. In JPY terms, the Group's rental income from Japan also decreased to JPY252.5 million in 1H FY2025 from JPY267.7 million in 1H FY2024. Such lower revenue could be attributed to loss in rental revenue (i) following the Group's disposal of the investment property, Wisteria-S in Sapporo City, Japan in April 2024; (ii) as tenants were being vacated from the investment property, Tommy House Hiragishi in Sapporo City, Japan for make way for its potential redevelopment; and (iii) as the lease of the investment property in Hong Kong ended in July 2024 and the Group were in the process of identifying a suitable tenant.

During 1H FY2025, the occupancy rate for the portfolio in Japan was 93.5% (1H FY2024: 95.1%). Meanwhile, the investment property in Hong Kong was occupied between April and June 2024 and became vacant thereafter.

As at the end of 1H FY2025, the property investment portfolio of the Group consisted of 26 buildings in Japan and one commercial unit in Hong Kong (1H FY2024: 27 buildings in Japan and one commercial unit in Hong Kong).

Impact of exchange differences caused by JPY-denominated proprietary investments

As the JPY/HK\$ exchange rate was higher at the end of the period (i.e. 30 September 2024) compared with 31 March 2024, a positive exchange difference arising on translation of JPY-denominated foreign operations of HK\$16.4 million was recorded as at 30 September 2024 (30 September 2023: negative exchange difference of HK\$38.9 million).

Generally, 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.

Profit for the period

The Group recorded an underlying profit attributable to the owners of the Company for the period of HK\$1.6 million in 1H FY2025 compared with an underlying profit attributable to the owners of the Company for the period of HK\$5.3 million in 1H FY2024. The underlying profit for the period excludes the effect of fair value changes of investment properties and the related deferred taxation charged. The Group recorded a reported loss attributable to the owners of the Company for the period of HK\$5.4 million in 1H FY2025 with a loss of HK\$7.0 million in fair value change in investment properties. For 1H FY2024 the Group recorded a reported gain attributable to the owners of the Company of HK\$5.3 million with no fair value change in investment properties.


Due to the aforesaid positive exchange differences, total comprehensive income of HK\$11.6 million was recorded during 1H FY2025 (1H FY2024: total comprehensive expense of HK\$33.8 million).

Financial Review

Revenue

A breakdown of revenue in 1H FY2025 and 1H FY2024 based on service nature such as regulatory-driven advisory, special situation consulting or asset management, is as follows:

	1H FY2025		1H FY2024	
	HK\$'000 (Unaudited)	Number of active engagements ^(Note) / investment properties	HK\$'000 (Unaudited)	Number of active engagements ^(Note) / investment properties
<i>Advisory, consulting and asset management</i>				
Regulatory-driven	7,338	60	9,282	53
Special situation consulting	1,302	5	703	2
Asset management and others	244	2	33	1
Subtotal	8,884		10,018	
<i>Proprietary investments</i>				
Rental income from properties in Japan	12,954	27	14,671	27
Rental income from properties in Hong Kong	360	1	720	1
Subtotal	13,314		15,391	
Total	22,198		25,409	



Revenue from regulatory-driven and special situation consulting activities, in aggregate, decreased by 13.5% despite higher number of engagements. This could be attributable to the nature of corporate advisory undertaken during the period which had lower monetary value for each engagement. Intense price competition also persisted during 1H FY2025.

Rental income from Japan decreased from HK\$14.7 million in 1H FY2024 to HK\$13.0 million in 1H FY2025 due to weaker JPY relative to HK\$ on average, as well as rental income loss following the disposal of Wisteria-S and the decline in occupancy of Tommy House Hiragishi as units were progressively vacated for the purpose of potential redevelopment.

Other income

Other income was nominal in both 1H FY2024 and 1H FY2025.

Property expenses

Property expenses in 1H FY2025 decreased by 3.1% to HK\$4.9 million as compared with HK\$5.0 million in 1H FY2024 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\$12.0 million in 1H FY2025 from HK\$10.3 million in 1H FY2024. Such increase was mainly attributable to foreign exchange loss of HK\$1.1 million in 1H FY2025 (1H FY2024: gain of HK\$0.2 million) due to higher JPY/HK\$ exchange rate of HK\$5.44 as at 30 September 2024 compared with HK\$5.17 per JPY100 as at 31 March 2024. Foreign exchange loss was recorded as the Group's Hong Kong operations held higher amount of JPY-denominated debts compared to its JPY bank balances.

Share of results of an associate

The Group shared a gain of associate KK Ascent Plus of HK\$41,000 during 1H FY2025 (1H FY2024: HK\$39,000).

Underlying profit for the period

The table below sets out the profitability of the Group attributable to the owners of the Company excluding the net effect of fair value changes in the valuation of investment properties and net of deferred taxation charged. Underlying profit attributable to the owners of the Company for the period for 1H FY2025 was lower when compared with 1H FY2024 due to combined effects of (i) lower revenue; and (ii) higher administrative and operating expenses, as explained above.

	1H FY2025 HKS'000	1H FY2024 HKS'000
(Loss)/Profit for the period attributable to owners of the Company	(5,404)	5,334
Excluding:		
Decrease in fair value of investment properties	7,000	–
Net of deferred taxation charged	–	–
Adjusted profit for the period attributable to owners of the Company	1,596	5,334

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

	As at 30 September 2024 (Unaudited) HKS'000	As at 31 March 2024 (Audited) HKS'000
Current assets	67,680	59,007
Current liabilities	75,383	74,363
Current ratio (times) <i>(Note 1)</i>	0.9	0.8
Total debt	158,429	146,700
Total equity	403,631	392,969
Gearing ratio (%) <i>(Note 2)</i>	39.3	37.3

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\$7.7 million and HK\$15.4 million as at 30 September 2024 and 31 March 2024 respectively.

The net current liabilities position was primarily attributable to the classification as current liabilities (in accordance with the HKFRS) of loans of HK\$35.6 million with repayment on demand clauses. 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 for explanations of why the Group may record net current liabilities position from time to time.

Gearing ratio as at 30 September 2024 increased slightly to 39.3% compared with 37.3% as at 31 March 2024 mainly due to refinancing of two bank loans in Japan.

Cash and bank balances

As at 30 September 2024, the Group had cash and bank balances amounted to HK\$61.7 million (as at 31 March 2024: HK\$45.4 million) of which HK\$51.8 million (as at 31 March 2024: HK\$37.9 million) was held in JPY with licenced banks in Hong Kong and Japan. The increase in cash and bank balances was mainly due to net proceeds from loan refinancing.

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\$. As JPY/HK\$ exchange rate was higher as at 30 September 2024 compared with as at 31 March 2024, a positive exchange difference arising on translation of foreign operations in Japan of HK\$16.4 million was recorded as at 30 September 2024 (30 September 2023: negative HK\$38.9 million), resulting in total comprehensive income of HK\$11.6 million for 1H FY2025 (1H FY2024: total comprehensive expense of HK\$33.8 million).

As the JPY relative to HK\$ exchange rate had strengthened at the end of the period (i.e. 30 September 2024) compared with 31 March 2024, a positive exchange difference arising on translation of foreign operations of HK\$16.4 million was recorded during the 1H FY2025 (1H FY2024: negative exchange difference of HK\$38.9 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 FY2025, 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 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. Such derivative financial instruments expired during FY2024 and there was no outstanding interest rate swap as at 30 September 2024.



Bank borrowings

As at 30 September 2024, HK\$97.6 million (as at 31 March 2024: HK\$78.6 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 2024 was 2.6 times (as at 31 March 2024: 3.7 times). The lower underlying interest coverage ratio was in line with the Group's lower underlying profit during 1H FY2025.

Charges on the assets of the Group

As at 30 September 2024, (i) both properties in Hong Kong; and (ii) all the properties in Japan (save for Kitano Machikado GH, Liberty Hills GH, Rakuyukan 36, Relife GH, Shinoro House GH and Yuinoie Shinkawanishi), had been charged in favour of banks and financial institutions in Hong Kong and Japan for loans facilities granted to the Group.

Capital commitments

Details of the capital commitments of the Group as at 30 September 2024 are set out in note 21 to the unaudited condensed consolidated interim financial statements.

Contingent liabilities

As at 30 September 2024, the Group did not have any significant contingent liabilities (as at 31 March 2024: nil).

Material acquisition and disposal of subsidiaries, associates and joint ventures

During 1H FY2025, the Company did not conduct any material acquisition and disposal of subsidiaries, associates and joint ventures.

Dividend and book closure

The Board recommends an interim dividend of Hong Kong 0.08 cent per ordinary share of the Company for 1H FY2025 (1H FY2024: nil). The register of members of the Company will be closed from 17 December 2024 to 18 December 2024, both days inclusive, during which period no transfer of shares will be registered.

This interim dividend will be paid on 17 January 2025 to the shareholders whose names appear on the register of members of the Company on 18 December 2024. For the entitlement to this interim dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 16 December 2024.

Future plans for material investments and capital assets

As at 30 September 2024, except as disclosed elsewhere in this unaudited condensed consolidated interim financial statements, the Group did not have any future plans for material investments and capital assets.

Events after the reporting period

Details of the events after the reporting period of the Group are set out in note 22 to the unaudited condensed consolidated interim financial statements.



OUTLOOK AND STRATEGY

Advisory, asset management and consulting

Overall stock market sentiments in Hong Kong had improved towards the end of 1H FY2025 where Hang Seng Index increased significantly from low level of about 16,500 in August 2024 to about 23,400 in October 2024. It has since hovered around 19,500 to 20,000 level. Signs of pickup were observed IPO, mergers & acquisitions (“M&As”) as well as privatisation activities.

The Group has been actively involved in a number of M&As and privatisations acting in the roles of financial adviser and independent financial adviser, including involvement in the first successful De-SPAC transaction in Hong Kong, and in one of the largest merger transactions in Asia this year. Nippon Fudosan Fund, a Japan real estate fund managed by the Group, had its first closing in September 2024. We are also the investment manager of a fund, focusing on investments in traditional Chinese medicine-related business, which is in the process of fund raising.

The Group will continue to strengthen its capability in the above areas, including covering both listed and unlisted entities for its M&A services and working towards expanding its asset under management (“AUM”) for asset management services. Overall, while revenue of this business segment remains volatile amidst market competition, the revenue base is becoming more diversified.

Proprietary investments

Hong Kong

The office market in Central district continues to be plagued by oversupply situation affecting both rental and occupancy rates. The Group will adapt our leasing strategy to respond to such weak market including adjustments to our asking rental rate and rent-free periods etc., and will focus our efforts on finding a suitable tenant for our currently vacant investment property in Central district.

Japan

The Group has been implementing portfolio optimization plan where (i) the property Wisteria-S, which had sub-optimal land size, was disposed of in April 2024; (ii) the initiative to redevelop the property Tommy House Hiragishi had progressed where all tenants at the property had been vacated; and (iii) the “kaigo” property located at Kitago, Sapporo City was acquired in November 2024. Such plans will be continued in the remaining financial year.

Unlike residential leases which are generally stable, the leasing market for commercial properties has been volatile and we expect there will be tenant turnovers at some commercial units within the Group’s portfolio.

In terms of capital structure, during the past 12 months, the Group had successfully refinanced two of its bank loans in Japan at higher loan-to-value ratio than their outstanding loan balance, resulting in increase in the Group’s bank balance and cash. The Group will continue to optimise the loan profile of its proprietary investment portfolio.

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 2024, 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)	67.90
	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)	2.73
Ms. Leung Churk Yin Jeanny (“Ms. Leung”)	Beneficial owner	9,400,000 (L)	1.15

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
	Residence ^(Note 4)	Interest of spouse	648 (L)	10.8
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.
- (4) Pursuant to the SFO, Mr. Ip, the spouse of Ms. Ho, is deemed to be interested in the shares of Residence held by Ms. Ho.

Save as disclosed above, as at 30 September 2024, 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 Schemes” below, at no time during 1H FY2025 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 2024, 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)	67.90
KHHL ^(Note 2)	Interest in a controlled corporation	557,200,000 (L)	67.90
The Trustee ^(Note 2)	Trustee	557,200,000 (L)	67.90
Ms. Chan ^(Note 2)	Founder of a discretionary trust	557,200,000 (L)	67.90
	Beneficial owner	1,250,000 (L)	0.15
Mr. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	67.90
	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)	67.90
	Beneficial owner	1,250,000 (L)	0.15
Ms. Ho ^(Note 3)	Interest of spouse	558,450,000 (L)	68.05
	Beneficial owner	1,250,000 (L)	0.15
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.39

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
	Residence	Beneficial owner	648 (L)	10.8
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

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 2024, 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 FY2025.

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

Details of the repurchase of own shares of the Group are set out in notes 17 and 22(c) to the unaudited condensed consolidated interim financial statements.

Except as disclosed elsewhere in the unaudited condensed consolidated interim financial statements, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group had 19 staff (30 September 2023: 15). The remuneration policy of the Group takes into consideration the relevant Director's or member of senior management's duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, our profit of the Group as a whole and comparable market levels. Apart from salary payments, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

SHARE SCHEMES

Details of the share schemes of the Group are set out in note 18 to the unaudited condensed consolidated interim financial statements for 1H FY2025.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 to the GEM Listing Rules during 1H FY2025. During 1H FY2025, the Company had, where applicable, complied with the applicable code provisions that were in force as set out in the CG Code.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "Code of Conduct"). The Company had made specific enquiry with the Directors and all Directors confirmed that they had fully complied with the required standard of dealings set out in the Code of Conduct and there was no event of non-compliance during 1H FY2025 and up to the date of this report.



COMPETING INTERESTS

During 1H FY2025, 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 the CG Code and Rule 5.28 of the GEM Listing Rules. The Audit Committee currently consists of all of our three independent non-executive Directors, namely Mr. Chao Tien Yo, Mr. Chan Sun Kwong and Mr. Lee Shu Yin and the chairman is Mr. Chan Sun Kwong, who holds the appropriate professional qualification as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules. The primary duty of the Audit Committee is to review 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 CG Code, the Audit Committee has reviewed the unaudited condensed consolidated results of the Group for 1H FY2025 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Group and the requirements under the GEM Listing Rules, 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, 21 November 2024

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.