

ALTUS

Altus Holdings Limited

incorporated in the Cayman Islands with limited liability
Stock Code : 8149



FY2022
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 approximately HK\$25.8 million for the six months ended 30 September 2021 (“1H FY2022”), representing a decrease of approximately 7.1% when compared with approximately HK\$27.8 million for the six months ended 30 September 2020 (“1H FY2021”).
- The Group recorded both reported and underlying net profit ^(Note) of approximately HK\$3.7 million in 1H FY2022 compared with a reported net loss and an underlying net profit of approximately HK\$0.5 million and HK\$4.8 million respectively in 1H FY2021.

Underlying net profit was lower in 1H FY2022 compared with 1H FY2021 due mainly to the absence of certain other income such as government subsidies under the Employment Support Scheme previously. Reported net profit for 1H FY2022 improved from a loss in the previous corresponding period due to the absence of the net decrease in fair value of investment properties of HK\$5.4 million recorded in 1H FY2021.

- For 1H FY2022, the underlying and reported basic and diluted earnings per share were all HK0.41 cent ^(Note). For 1H FY2021, the underlying basic and diluted earnings per share were both HK0.54 cent ^(Note), and the reported basic and diluted loss per share were both HK0.12 cent.
- The Directors do not recommend the payment of any interim dividend for 1H FY2022.

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 2021 (“**2Q FY2022**”) and 1H FY2022, together with the comparative unaudited figures for the three months ended 30 September 2020 (“**2Q FY2021**”) and 1H FY2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT FOR 1H FY2021 AND 1H FY2022

	<i>Notes</i>	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Revenue	3	13,074	14,385	25,820	27,782
Other income	5	25	884	59	1,413
Net decrease in fair value of investment properties		–	(5,362)	–	(5,362)
Changes in fair value of derivative financial liabilities		14	(48)	27	(65)
Property expenses		(3,516)	(3,864)	(6,410)	(6,891)
Administrative and operating expenses		(5,695)	(6,283)	(11,441)	(12,922)
Share of results of associate		11	6	23	22
Finance costs	6	(1,175)	(1,174)	(2,212)	(2,405)
Profit/(Loss) before tax		2,738	(1,456)	5,866	1,572
Income tax expense	7	(984)	(943)	(2,124)	(2,096)
Profit/(Loss) for the period	8	1,754	(2,399)	3,742	(524)
Profit/(Loss) for the period attributable to:					
Owners of the Company		1,541	(2,596)	3,299	(960)
Non-controlling interests		213	197	443	436
		1,754	(2,399)	3,742	(524)

	<i>Notes</i>	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
		HK cent	HK cent	HK cent	HK cent
Earnings/(Loss) per share based on profit/(loss) attributable to owners of the Company (reported earnings/(loss) per share)					
– Basic	<i>10b</i>	0.19	(0.32)	0.41	(0.12)
– Diluted	<i>10b</i>	0.19	(0.32)	0.41	(0.12)
Earnings per share excluding the effect of fair value changes in investment properties and the related deferred taxation charged (underlying earnings per share)					
– Basic	<i>10c</i>	0.19	0.34	0.41	0.54
– Diluted	<i>10c</i>	0.19	0.33	0.41	0.54

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 1H FY2021 AND 1H FY2022

	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Profit/(Loss) for the period	1,754	(2,399)	3,742	(524)
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	(2,105)	7,971	(2,670)	9,072
<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")	(276)	(246)	(155)	(328)
Other comprehensive (expenses) income for the period	(2,381)	7,725	(2,825)	8,744
Total comprehensive (expense) income for the period	(627)	5,326	917	8,220
Total comprehensive (expense) income for the period attributable to:				
Owners of the Company	(1,060)	4,561	531	7,183
Non-controlling interests	433	765	386	1,037
	(627)	5,326	917	8,220

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 and 30 September 2021

	<i>Notes</i>	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	39,921	40,377
Investment properties	11	622,731	626,178
Interests in an associate		441	419
Financial assets at FVTOCI	12	1,468	1,624
Club memberships		1,717	1,718
Deferred tax asset		1,505	1,505
Prepayment	13	144	167
		667,927	671,988
Current assets			
Trade and other receivables	13	2,806	5,337
Deposits placed in financial institution		1,420	1,367
Bank balances and cash		34,564	34,786
		38,790	41,490
Current liabilities			
Trade and other payables	14	12,139	12,293
Tax payable		4,733	4,277
Secured bank borrowings	15	61,850	64,726
		78,722	81,296
Net current liabilities		(39,932)	(39,806)
Total assets less current liabilities		627,995	632,182

	<i>Notes</i>	As at 30 September 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Non-current liabilities			
Secured bank borrowings	<i>15</i>	130,861	137,122
Derivative financial instruments	<i>16</i>	291	416
Other payables – tenant deposits – over 1 year	<i>14</i>	1,314	1,345
Deferred tax liabilities		29,894	29,136
		162,360	168,019
		465,635	464,163
Capital and reserves			
Share capital	<i>17</i>	8,034	8,034
Reserves		442,537	441,600
Equity attributable to owners of the Company		450,571	449,634
Non-controlling interests		15,064	14,529
		465,635	464,163

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1H FY2022

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1H FY2021

Attributable to owners of the Company

	Share capital HK\$'000	Share premium (note (ii)) 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 2020 (audited)	8,000	71,436	98,819	159	11,319	247	(12,914)	274,708	451,774	14,420	466,194
(Loss)/Profit for the period	-	-	-	-	-	-	-	(960)	(960)	436	(524)
Other comprehensive income (expenses) for the period:											
Change in fair value of financial assets at FVTOCI	-	-	-	(328)	-	-	-	-	(328)	-	(328)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	8,471	-	8,471	601	9,072
	-	-	-	(328)	-	-	8,471	-	8,143	601	8,744
Total comprehensive income (expenses) for the period	-	-	-	(328)	-	-	8,471	(960)	7,183	1,037	8,220
Transfer of cumulative fair value changes of financial asset at FVTOCI upon derecognition of FVTOCI	-	-	-	(784)	-	-	-	784	-	-	-
Share based payments	-	-	-	-	-	499	-	-	499	-	499
Dividend paid to non-controlling shareholders (note 9)	-	-	-	-	-	-	-	-	-	(222)	(222)
Dividend paid (note 9)	-	-	-	-	-	-	-	(800)	(800)	-	(800)
At 30 September 2020 (unaudited)	8,000	71,436	98,819	(953)	11,319	746	(4,443)	273,732	458,656	15,235	473,891

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").
- (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 FY2021 AND 1H FY2022

	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Cash generated from operations		
Decrease in trade and other receivables	2,534	683
Increase in trade and other payables	96	567
Other operating cash flows	9,033	9,780
	11,663	11,030
Income tax paid	(703)	(1,076)
Net cash generated from operating activities	10,960	9,954
Purchase of financial assets at fair value through profit or loss ("FVTPL")	–	(701)
Proceeds from disposal of financial assets at FVTPL	–	905
Dividend received from financial assets at FVTOCI	55	68
Purchases/Construction of investment properties	(478)	(2,158)
Purchases of property, plant and equipment	(67)	(1)
Other investing cash flows	4	33
Net cash used in investing activities	(486)	(1,854)
Interest paid	(2,298)	(2,564)
New borrowings raised	30,000	19,864
Repayment of borrowings	(38,152)	(24,182)
Dividends paid	(63)	(1,022)
Net cash used in financing activities	(10,513)	(7,904)
Net (decrease)/increase in cash and cash equivalents	(39)	196
Cash and cash equivalents at beginning of period	36,640	40,083
Effect of foreign exchange rate changes	(617)	700
Cash and cash equivalents at end of period	35,984	40,979
Analysis of components of cash and cash equivalents:		
Deposits placed in financial institution	1,420	1,716
Bank balances and cash	34,564	39,263
	35,984	40,979

1. GENERAL

The Company was incorporated as an exempted company with limited liability on 11 November 2015 in the Cayman Islands under the Companies Law, 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 FY2022 (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 8 November 2021.

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 2021 (the “**2021 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 2021 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 2021.

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 2021

In 1H FY2022, the Group has applied, for the first time, the following new and amendments to HKFRSs, which include HKFRS, HKAS and amendments, issued by the HKICPA.

Amendments to HKAS 39,

HKFRS 4, HKFRS 7 and HKFRS 16

Amendments to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

*COVID-19 – Related Rent concessions beyond
30 June 2021*

The application of the above amendments to HKAS and HKFRS in 1H FY2022 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 FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (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	3,812	4,540	7,078	8,034
Revenue from other source:				
Rental income for investment properties under operating leases – fixed lease payments (Note)	9,262	9,845	18,742	19,748
	13,074	14,385	25,820	27,782

Revenue generated from provision of corporate finance and other consultancy services during 1H FY2022 and 1H FY2021 are recognised over time.

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

	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Gross rental income from investment properties	9,262	9,845	18,742	19,748
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	(3,516)	(3,864)	(6,410)	(6,891)
Net rental income	5,746	5,981	12,332	12,857

Transaction price allocated to the remaining performance obligations

As at 30 September 2021, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK\$5.0 million (30 September 2020: approximately HK\$9.2 million). The amount represents revenue expected to be recognised in the future from various mandates. The Group will recognise this revenue as the service is completed. As evaluated by the management, revenue of approximately HK\$5.0 million and nil (30 September 2020: approximately HK\$9.2 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.

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

	2Q FY2022			2Q FY2021		
	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	3,812	9,262	13,074	4,540	9,845	14,385
RESULT						
Segment profit/(loss) <i>(Note)</i>	1,903	4,708	6,611	2,485	(719)	1,766
Other income and expenses, net			(3,454)			(2,883)
Share of results of an associate			11			6
Finance costs			(430)			(345)
Profit/(Loss) before tax			2,738			(1,456)

4. SEGMENT INFORMATION (CONTINUED)

	1H FY2022			1H FY2021		
	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	7,078	18,742	25,820	8,034	19,748	27,782
RESULT						
Segment profit (<i>Note</i>)	2,485	10,253	12,738	3,069	5,069	8,138
Other income and expenses, net			(6,179)			(5,828)
Share of results of an associate			23			22
Finance costs			(716)			(760)
Profit before tax			5,866			1,572

Note: No fair value change of investment properties has been recognised in the segment profit of the proprietary investments during 1H FY2022 (1H FY2021: Decrease of HK\$5.4 million).

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment profit/(loss) represents the profit earned/loss generated 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 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
Segment assets		
Advisory and consulting	859	3,180
Proprietary investments	625,942	629,423
Total segment assets	626,801	632,603
Unallocated	79,916	80,875
Total assets	706,717	713,478

	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
Segment liabilities		
Advisory and consulting	716	401
Proprietary investments	153,494	160,082
Total segment liabilities	154,210	160,483
Unallocated	86,872	88,832
Total liabilities	241,082	249,315

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 and consulting and proprietary investments segments is as follows:

	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Advisory and consulting				
Sponsorship services	929	906	1,370	1,604
Financial advisory services	2,688	2,202	4,781	3,625
Compliance advisory services	145	1,179	506	2,403
Other corporate finance services	50	253	421	402
	3,812	4,540	7,078	8,034
Proprietary investments				
Rental income	9,262	9,845	18,742	19,748
	13,074	14,385	25,820	27,782

5. OTHER INCOME

	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Bank interest income	1	14	3	35
Dividend income from financial asset at FVTOCI	24	19	56	68
Gain on disposal of financial assets at FVTPL	–	193	–	200
Reversal of impairment loss of trade receivables	–	7	–	7
Others (<i>Note</i>)	–	651	–	1,103
	25	884	59	1,413

Note:

The amount represents (i) forfeited tenant deposit; and (ii) 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 as other income.

6. FINANCE COSTS

	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Interests on:				
Secured bank borrowings	1,175	1,174	2,212	2,404
Lease liability	–	–	–	1
	1,175	1,174	2,212	2,405

7. INCOME TAX EXPENSE

	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Current tax:				
Hong Kong profits tax	–	42	–	72
Japanese corporate income tax	124	72	222	163
Japanese withholding tax	358	378	929	931
	482	492	1,151	1,166
Deferred taxation	502	451	973	930
	984	943	2,124	2,096

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 FY2022 and 1H FY2021, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Japan Corporate Income Tax Law, Japanese corporate income tax is calculated at 33.58% of the estimated assessable profits for 1H FY2022 (1H FY2021: 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 FY2022 and 1H FY2021.

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

8. PROFIT/(LOSS) FOR THE PERIOD

	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Profit/(Loss) for the period has been arrived at after charging:				
Staff cost, excluding directors' emoluments:				
– Salaries, bonus and other benefits	2,131	2,318	4,640	5,828
– Contributions to retirement benefits schemes	65	91	138	182
Total staff costs, excluding directors' emoluments	2,196	2,409	4,778	6,010
Directors' emoluments	1,024	703	1,727	1,406
Auditors' remuneration	175	187	350	375
Depreciation of property, plant and equipment	262	272	523	564
Depreciation of right-of-use assets	–	–	–	61
Share based payments	465	276	663	499
Net exchange loss	134	200	103	199

9. DIVIDENDS

	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Dividends recognised as distribution to non-controlling interests during the periods by:		
Smart Tact Property Investment Limited (“ Smart Tact ”)		
2021 interim, paid – JPY461 per share (equivalent to HK\$33 per share)	30	–
2020 interim, paid – JPY1,375 per share (equivalent to HK\$100 per share)	–	94
I Corporation		
2021 interim, paid – JPY19,091 per share (equivalent to HK\$1,348 per share)	18	–
2020 interim, paid – JPY28,100 per share (equivalent to HK\$2,046 per share)	–	29
EXE Rise Shimodori Investor Limited (“ EXE ”)		
2021 interim, paid – JPY16,794 per share (equivalent to HK\$1,186 per share)	14	–
2020 interim, paid – JPY113,773 per share (equivalent to HK\$8,283 per share)	–	99
Residence Motoki Investment Limited (“ Residence ”)		
2021 interim, paid – JPY500 per share (equivalent to HK\$35 per share)	46	–
	108	222

The Directors does not recommend the payment of any interim dividend for 1H FY2022 (1H FY2021: HK0.1 cent per share).

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 FY2022 '000	2Q FY2021 '000	1H FY2022 '000	1H FY2021 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	803,360	800,000	803,360	800,000
Effect of dilutive potential ordinary shares: Share Awards (as defined below)	6,645	5,501	5,483	5,501
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	810,005	805,501	808,843	805,501

(b) Reported earnings/(loss)

	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (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)	1,541	(2,596)	3,299	(960)

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

(c) Underlying earnings

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

	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Earnings/(Loss) for the purpose of basic and diluted earnings per share (Reported profit/(loss) for the period attributable to owners of the Company)	1,541	(2,596)	3,299	(960)
Fair value change of investment properties and the related deferred taxation charged	–	5,289	–	5,289
Earnings for the purpose of basic and diluted earnings per share (Underlying profit for the period attributable to the owners of the Company)	1,541	2,693	3,299	4,329

11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the 1H FY2022, the Group spent approximately HK\$67,000 (1H FY2021: approximately HK\$1,000) on additions to properties, plant and equipment and approximately HK\$478,000 (1H FY2021: approximately HK\$2,158,000) on additions to and purchase of investment properties.

The Group has pledged its land and building with a carrying value of approximately HK\$39,834,000 and approximately HK\$40,326,000 to secure bank borrowings of the Group as at 30 September 2021 and 31 March 2021 respectively.

The Group has its pledged investment properties with a carrying value of approximately HK\$589,882,000 and approximately HK\$593,093,000 to secure bank borrowings of the Group as at 30 September 2021 and 31 March 2021 respectively.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
Equity instruments designated at FVTOCI		
– Listed	1,214	1,189
– Unlisted	254	435
Total	1,468	1,624

The above unlisted equity investment represent investment in unlisted equity securities issued by private entities incorporated in Japan. Investments in listed equity securities represent the investment of the Group in companies listed in Hong Kong. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the strategy of the Group of holding these investments for long-term purposes and realising their performance potential in the long run.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
Receivables at amortised cost comprise:		
Trade receivables (<i>Note</i>)	876	3,094
<i>Less:</i> allowances for impairment of trade receivables	(128)	(186)
	748	2,908
Other receivables and prepayment	2,202	2,596
Total	2,950	5,504

Note:

As at 30 September 2021, lease receivables amounting to approximately HK\$73,000 (as at 31 March 2021: approximately HK\$132,000) are included in trade receivables. The remaining balances of approximately HK\$803,000 (as at 31 March 2021: approximately HK\$2,962,000) represented trade receivables arising from contracts with customers.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (CONTINUED)

- 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 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
– Within 30 days	529	2,528
– More than 30 but within 60 days	215	50
– More than 60 but within 90 days	4	305
– More than 90 but within 180 days	–	25
	748	2,908

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

	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Balance at the beginning of the period	186	41
Impairment loss recognised	–	–
Reversal of impairment loss	(58)	(6)
	128	35

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.

Nil of life-time ECL-credit was impaired and recognised during 1H FY2022 and 1H FY2021.

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 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
Deposits	81	145
Prepayments	1,862	2,145
Other receivables	259	306
	2,202	2,596

The ECL on other receivables are estimated individually by reference to past experience of default and their financial position and general economic condition of the industry at the reporting date. The internal credit rating review of the other receivables are considered to be performing as at 30 September 2021 and 31 March 2021 as there has not been a significant change in the credit risk since initial recognition.

14. TRADE AND OTHER PAYABLES

	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
Trade payables	114	128
Other payables	13,339	13,510
	13,453	13,638

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

During 1H FY2022, the Group had obtained HK\$30,000,000 secured bank borrowings from bank facilities (1H FY2021: approximately HK\$19,864,000). The aforesaid proceed which was drawn on a facility granted by a new bank was mainly used to refinance a facility from an existing bank.

During 1H FY2022, the Group repaid secured bank borrowings in an aggregate amount of approximately HK\$38,152,000 (1H FY2021: approximately HK\$24,182,000).

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 FY2021: 1.11% to 2.85%) and at variable interest rates ranging from 1.09% to 2.66% per annum (1H FY2021: 1.09% to 4.55%).

The maturity periods of the secured bank borrowings range from one month to 22 years (as at 31 March 2021: one month to 23 years).

As at 30 September 2021 and 31 March 2021, 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 2021 (Unaudited) Liabilities HK\$'000	At 31 March 2021 (Audited) Liabilities HK\$'000
Interest rate swaps	291	416

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

17. SHARE CAPITAL

The Company	Number of ordinary shares	Share capital (Audited) HK\$'000
Ordinary share of HK\$0.01 each		
Authorised as at 30 September 2021 and 31 March 2021	5,000,000,000	50,000
Issued and fully paid as at 30 September 2021 and 31 March 2021	803,360,000	8,034

18. SHARE AWARDS

During 1H FY2022, the movement of share awards granted are as follows:

Date of grant	Grantee(s)	Notes	Number of new shares of the Company awarded	Number of respective shares awarded			To be vested and issued as at 30 September 2021
				Vested and issued, and lapsed as at 1 April 2021	Vested or issued during 1H FY2022	Lapsed during 1H FY2022	
25 June 2018	Two executive directors of a wholly-owned subsidiary of the Group	1, 2	4,800,000 (the "2018 Share Awards")	3,520,000	-	-	1,280,000
3 July 2019	Two executive directors of a wholly-owned subsidiary of the Group; and seven employees of the Group who are independent third parties	1, 3	1,200,000 (the "2019 Connected Grants") 740,000 (the "2019 Selected Employees Grant")	1,200,000 740,000	-	-	-
26 June 2020	Two executive directors of a wholly-owned subsidiary of the Group; and ten employees of the Group who are independent third parties	1, 4	2,540,000 (the "2020 Connected Grants") 1,290,000 (the "2020 Selected Employees Grant")	-	-	-	2,540,000 560,000

18. SHARE AWARDS (CONTINUED)

Date of grant	Grantee(s)	Notes	Number of respective shares awarded				To be vested and issued as at 30 September 2021
			Number of new shares of the Company awarded	Vested and issued, and lapsed as at 1 April 2021	Vested or issued during 1H FY2022	Lapsed during 1H FY2022	
31 December 2020 and 29 June 2021	Two executive directors of a wholly-owned subsidiary of the Group; and ten employees of the Group who are independent third parties	1, 5	1,440,000 (the "2021 Connected Grants")	-	180,000	-	1,260,000
			2,490,000 (the "2021 Selected Employees Grant")	-	470,000	160,000	1,860,000
			14,500,000	6,180,000	650,000	170,000	7,500,000

Notes:

- One of the Grantees has since been appointed as an executive director of a wholly-owned subsidiary of the Group with effect from 23 June 2021.
- Details of the 2018 Share Awards were set out in the circular of the Company dated 20 July 2018. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2018.
- Details of the 2019 Connected Grant and 2019 Selected Employees Grant were set out in the circular of the Company dated 22 July 2019. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2019.
- Details of the 2020 Connected Grant and 2020 Selected Employees Grant were set out in the circular of the Company dated 23 July 2020. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 7 August 2020.
- Details of the 2021 Connected Grant and 2021 Selected Employees Grant were set out in the circular of the Company dated 22 July 2021. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 6 August 2021. As at 30 September 2021, 180,000 shares of the 2021 Connected Grants and 470,000 shares of the 2021 Selected Employees Grant had vested and subsequently been issued to relevant employees respectively in October 2021.

19. OPERATING LEASE COMMITMENTS

The Group as lessor

During 1H FY2022 and the year ended 31 March 2021, the properties of the Group held for rental purpose are expected to generate rental yields of 6.0% and 6.3% respectively, on an ongoing basis. Those units which were leased out have committed tenants for different tenure ranging from one to sixteen years as at 30 September 2021 (as at 31 March 2021: one to seventeen years). It is noted that in general the leases related to the Japanese properties of the Group contain clauses that allow tenants to terminate the leases by giving 1 month notices.

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

	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
Within one year	3,894	3,215
In the second to fifth year inclusive	–	–
	3,894	3,215

20. CONTINGENT LIABILITIES

As at 30 September 2021, 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 2021: nil).

21. RELATED PARTY TRANSACTIONS

(a) Transactions

During 1H FY2022 and 1H FY2021, 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 FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
KK Ascent Plus	Associate	Asset management fee paid	366	380
		Guarantee fee paid	115	132

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

(b) Compensation of key management personnel

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

	2Q FY2022 (Unaudited) HK\$'000	2Q FY2021 (Unaudited) HK\$'000	1H FY2022 (Unaudited) HK\$'000	1H FY2021 (Unaudited) HK\$'000
Short-term benefits	1,010	690	1,700	1,380
Share based payments	465	276	663	499
Post-employment benefits	13	13	27	26
	1,488	979	2,390	1,905

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

22. MAJOR NON-CASH TRANSACTIONS

The Group had no major non-cash transactions during 1H FY2022 and 1H FY2021.

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 FY2022, the Group recorded an unaudited revenue of approximately HK\$25.8 million, representing a decrease of approximately 7.1% as compared to 1H FY2021. Proprietary investments activities contributed approximately 72.6% of total revenue recorded by the Group during 1H FY2022, 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 FY2022 decreased by approximately 11.9% as compared to 1H FY2021. This was mainly attributable to a drop in revenue from sponsorship services and compliance advisory services, which was partially offset by increase in revenue from financial advisory services.

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

Proprietary investments

As at 30 September 2021, the property investment portfolio of the Group consisted of 26 buildings in Japan and one commercial unit in Hong Kong (1H FY2021: 26 buildings in Japan and one commercial unit in Hong Kong). The property in Hong Kong was fully occupied during 1H FY2022, while the occupancy rate for the portfolio in Japan was lower at approximately 91.2% (1H FY2021: 94.1%) due to higher vacancies at certain properties which cater more to workers in hospitality industries. The continued weakness of these industries in light of the pandemic has affected lease demands.

Revenue from proprietary investments decreased by approximately 5.1% in 1H FY2022, amounted to approximately HK\$18.7 million (1H FY2021: HK\$19.7 million), mainly due to the lower occupancy rate for the portfolio in Japan and the recent weakness of JPY.

Net profit for the period

The Group recorded an underlying net profit of approximately HK\$3.7 million in 1H FY2022 compared with an underlying net profit of approximately HK\$4.8 million in 1H FY2021. 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 approximately HK\$3.7 million in 1H FY2022 as compared with a reported net loss of approximately HK\$0.5 million in 1H FY2021. The reported net loss for 1H FY2021 was due to recognition of net decrease in fair value of investment properties of approximately HK\$5.4 million.

There was a decrease in underlying net profit in 1H FY2022 compared with 1H FY2021 due primarily to (i) lower revenue generated from corporate finance and other consultancy services and proprietary investments in 1H FY2022; and (ii) the absence of government subsidies from Employment Support Scheme in 1H FY2022. These were partially offset by lower administrative and operating expenses due to a decrease in staff costs as the overall number of staff in 1H FY2022 was lower compared to 1H FY2021.

Financial Review

Revenue

The revenue of the Group by business activities during 1H FY2022 and 1H FY2021 is set out below.

	1H FY2022		1H FY2021	
	HKS'000 (Unaudited)	Number of active engagements ^(Note) investment properties	HKS'000 (Unaudited)	Number of active engagements ^(Note) investment properties
<i>Corporate finance and other consultancy services</i>				
Sponsorship services	1,370	2	1,604	4
Financial advisory services ^(Note)	4,781	40	3,625	26
Compliance advisory services	506	6	2,403	9
Other corporate finance services	421	11	402	4
Subtotal	7,078		8,034	
<i>Proprietary investments</i>				
Rental income from properties in Japan	17,996	26	18,904	26
Rental income from properties in Hong Kong	746	1	844	1
Subtotal	18,742		19,748	
Total	25,820		27,782	

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 approximately HK\$1.6 million in 1H FY2021 to approximately HK\$1.4 million in 1H FY2022, due to fewer sponsorship engagements.

Such decrease was partially offset by an increase in revenue generated from financial advisory services from approximately HK\$3.6 million in 1H FY2021 to approximately HK\$4.8 million in 1H FY2022.

For the property investment portfolio, rental income from Japan decreased in 1H FY2022 due mainly to lower occupancy rate for the portfolio in Japan and the recent weakness of JPY.

Other income

Other income decreased from approximately HK\$1.4 million in 1H FY2021 to approximately HK\$0.06 million in 1H FY2022 due mainly to the absence of government subsidies from the Employment Support Scheme.

Net decrease in fair value of investment properties

The Group recorded no change in fair value of investment properties during 1H FY2022 (1H FY2021: net decrease of HK\$5.4 million).

Property expenses

Property expenses in 1H FY2022 decreased by approximately 7.0% to approximately HK\$6.4 million as compared with approximately HK\$6.9 million in 1H FY2021, due mainly to decrease in repair and maintenance expenses and no agency fee paid for leasing of property in Hong Kong.

Administrative and operating expenses

Administrative and operating expenses decreased to approximately HK\$11.4 million for 1H FY2022 from approximately HK\$12.9 million for 1H FY2021. Such decrease was attributable to the decrease in directors' remuneration and staff costs to approximately HK\$6.5 million in 1H FY2022 as compared to approximately HK\$7.4 million in 1H FY2021 as there was a decrease in headcount over the same period.

Share of results of associate

The Group shared a gain of associate KK Ascent Plus of approximately HK\$23,000 during 1H FY2022 (1H FY2021: approximately HK\$22,000).

Net profit/(loss) 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. The adjusted profit of the Group for 1H FY2022 decreased by approximately 22.7% as compared with the adjusted profit for 1H FY2021, primarily due to (i) lower revenue generated from corporate finance and other consultancy services and proprietary investments; and (ii) the absence of government subsidies from Employment Support Scheme in 1H FY 2022.

	1H FY2022 HK\$'000	1H FY2021 HK\$'000
Profit/(Loss) for the period	3,742	(524)
<i>Excluding:</i>		
Net decrease in fair value of investment properties	–	5,362
Adjusted profit for the period	3,742	4,838

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 2021 (Unaudited) HK\$'000	As at 31 March 2021 (Audited) HK\$'000
Current assets	38,790	41,490
Current liabilities	78,722	81,296
Current ratio (times) <i>(Note 1)</i>	0.5	0.5
Gearing ratio (%) <i>(Note 2)</i>	41.4	43.5

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 approximately HK\$39.9 million and HK\$39.8 million as at 30 September 2021 and 31 March 2021 respectively.

The net current liabilities position was primarily attributable to the classification as current liabilities (in accordance with the HKFRS) of loans of approximately HK\$51.3 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 2021 decreased to approximately 41.4% from approximately 43.5% as at 31 March 2021. Such decrease was mainly due to the net repayment of existing loans of approximately HK\$8.2 million during the period.

Cash balance

As at 30 September 2021, the Group had cash and bank balances amounted to approximately HK\$34.6 million (as at 31 March 2021: approximately HK\$34.8 million) of which approximately HK\$24.7 million was held in JPY with licenced banks in Hong Kong and Japan.

Bank borrowings

As at 30 September 2021, approximately HK\$69.8 million (as at 31 March 2021: approximately HK\$73.2 million) of the interest bearing loans of the Group had variable interest rates. The interest coverage ratio as at 30 September 2021 was approximately 3.7 times (as at 31 March 2021: approximately 4.4 times). The decrease in interest coverage ratio was mainly due to lower revenue generated and absence of government subsidies from the Employment Support Scheme.

Charges on the assets of the Group

As at 30 September 2021, (i) both the properties in Hong Kong; and (ii) all the 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/Contingent liabilities

As at 30 September 2021, the Group did not have any significant capital commitments (as at 31 March 2021: nil) and contingent liabilities (as at 31 March 2021: nil).

Dividend

The Board does not recommend the payment of any interim dividend for 1H FY2022.

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

During 1H FY2022, the Group did not hold any significant investment other than the property investment portfolio as its ordinary and usual course of business. There were also no material acquisition and disposal undergone by the Group during the period, other than property investment activities. 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 of approximately HK\$2.7 million was recorded during 1H FY2022 (1H FY2021: positive of approximately HK\$9.1 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 FY2022, loans to be serviced by rental income generated from or secured by properties in Japan will be denominated in JPY; meanwhile, loans secured by properties (for investment and self-occupation) in Hong Kong will be 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 2021, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK\$18.5 million (as at 30 September 2020: approximately HK\$22.3 million).

OUTLOOK AND STRATEGY

Advisory and consulting

The decline in sponsorship and compliance advisory services activities had been partially offset by notable increase in the financial advisory services activities in the past six months. The Directors are focusing efforts on strengthening core competence of the Group on a wider suit of equity capital market and advisory services. This can put the Group in a better position to weather the uncertainty in specific segments of this business such as sponsorship activities.

Proprietary investments

Hong Kong

The office market in the Central business district appears to have stabilised in recent months. The existing lease of the office unit of the Group in Central runs till June 2022 and is expected to contribute steady rental income to the Group.

Japan

The Group has not been able to expand our property portfolio in Japan since the start of this financial year, hampered by the inability of travel and conduct due diligence on potential acquisitions. There is no clear indication when the travel restrictions and prohibitive quarantine arrangement may cease or at least relaxed. Efforts will be focused on improving the performance of the existing portfolio, including implementation of tenant sourcing campaigns for buildings affected by the ongoing pandemic situations, and selectively conducting building upgrades to enhance the attractiveness of our portfolio properties.

The value of JPY had been weak relative to HK\$ in the past months. As the reporting currency of the Group is HK\$, its revenue and profit in HK\$ terms will be affected if such trend persists.

The Directors expect the property portfolio in Hong Kong and Japan to continue contributing steady rental income to the Group in the remaining financial year, and do not expect significant changes in their overall capital value.

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 2021, 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 <i>(Note 2)</i>	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ip <i>(Note 1)</i>	Beneficiary of a trust	557,200,000 (L)	69.4
	Beneficial owner	1,250,000 (L)	0.2
	Interest of a spouse	1,250,000 (L)	0.2
Mr. Chang Sean Pey (“Mr. Chang”)	Beneficial owner	22,400,000 (L)	2.8
Ms. Leung Churk Yin Jeanny (“Ms. Leung”)	Beneficial owner	9,400,000 (L)	1.2

Notes:

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

Interests in associated corporations of the Company:

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

Notes:

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

Save as disclosed above, as at 30 September 2021, 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 FY2022 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 PERSONS' INTERESTS IN OTHER MEMBERS OF THE GROUP

As at 30 September 2021, substantial shareholders (not being the Directors or chief executives of the Company) had interested or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO; and other persons had interests in other members of the Group as follows:

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

Name of shareholder	Capacity and nature of interest	Number of shares interested ^(Note 1)	Approximate percentage of the total issued share capital of the Company (%)
Flying Castle Limited ^(Note 2)	Beneficial owner	557,200,000 (L)	69.4
KHHL ^(Note 2)	Interest in a controlled corporation	557,200,000 (L)	69.4
The Trustee ^(Note 2)	Trustee	557,200,000 (L)	69.4
Ms. Chan ^(Note 2)	Founder of a discretionary trust	557,200,000 (L)	69.4
	Beneficial owner	1,250,000 (L)	0.2
Mr. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	69.4
	Beneficial owner	1,250,000 (L)	0.2
	Interest of spouse	1,250,000 (L)	0.2
Ms. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	69.4
	Beneficial owner	1,250,000 (L)	0.2
Ms. Ho ^(Note 3)	Interest of spouse	558,450,000 (L)	69.5
	Beneficial owner	1,250,000 (L)	0.2
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.5

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	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 2021, had or was deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information available to the Company and to the best knowledge of the Directors, as at the date of this report, the Company has maintained the public float as required under the GEM Listing Rules during 1H FY2022.

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 FY2022 and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2021, the Group had 21 staff (30 September 2020: 25). The remuneration policy of the Group takes into consideration the duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, the profit of the Group as a whole and comparable market levels. Apart from salary payment, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) by shareholder resolution passed on 26 September 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. During 1H FY2022 and up to the date of this report, no share option was granted by the Company and there was no share option outstanding under the Share Option Scheme as at 30 September 2021.

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 FY2022.

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 FY2022.

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 FY2022 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 2021, 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 the Company’s indirect wholly owned subsidiary, Starich Resources Limited, 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 C.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 C.3.3 of the CG Code, the Audit Committee has reviewed the unaudited consolidated results of the Group for 1H FY2022 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, 8 November 2021

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