



**ALTUS** .  
Altus Holdings Limited

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

**FY2023**  
**ANNUAL 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.

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*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.*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Arnold Ip Tin Chee (*Chairman*)  
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

### AUDIT COMMITTEE

Mr. Chan Sun Kwong (*Chairman*)  
Mr. Chao Tien Yo  
Mr. Lee Shu Yin

### REMUNERATION COMMITTEE

Mr. Lee Shu Yin (*Chairman*)  
Mr. Chao Tien Yo  
Mr. Chan Sun Kwong  
Mr. Arnold Ip Tin Chee

### NOMINATION COMMITTEE

Mr. Chao Tien Yo (*Chairman*)  
Mr. Chan Sun Kwong  
Mr. Lee Shu Yin  
Mr. Arnold Ip Tin Chee

### COMPLIANCE OFFICER

Ms. Leung Churk Yin Jeanny

### COMPANY SECRETARY

Mr. Tam Ho Kei Leo

### AUTHORISED REPRESENTATIVES

Mr. Arnold Ip Tin Chee  
Mr. Chang Sean Pey

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21 Wing Wo Street  
Central, Hong Kong

### HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### AUDITOR

SHINEWING (HK) CPA LIMITED  
17/F, Chubb Tower, Windsor House  
311 Gloucester Road  
Causeway Bay  
Hong Kong

## CORPORATE INFORMATION

### PRINCIPAL BANKERS

Bank of Communication Co., Ltd. Hong Kong Branch  
20 Pedder Street, Central  
Hong Kong

Dah Sing Bank Limited  
Everbright Centre  
108 Gloucester Road  
Hong Kong

Bank of China (Hong Kong) Limited  
Bank of China Tower  
1 Garden Road, Central  
Hong Kong

Mizuho Bank, Ltd.  
1-1-5 Uchisaiwaicho  
Chiyoda-ku  
Tokyo  
Japan

Kumamoto Daiichi Shinkin Bank  
10-29, Hanabata-cho, Chuo-ku  
Kumamoto-shi  
Kumamoto  
Japan

The Bank of Fukuoka, Ltd.  
5-28, Kuromon, Chuo-ku  
Fukuoka-shi  
Fukuoka  
Japan

### COMPANY WEBSITE

[www.altus.com.hk](http://www.altus.com.hk)

### STOCK CODE

8149

## CHAIRMAN'S STATEMENT

Dear Stakeholders,

I am pleased to address you today as we finally leave behind the pandemic-induced travel restrictions that have impacted us for the past three years.

It has been an exceptionally challenging period for our advisory business as we grappled with the economic consequences of both epidemiological crisis and geopolitical uncertainties. Despite these challenges, I am proud to report we have made progress in expanding our range of services to better serve our clients. Over the past year, we have diversified our fee-generating activities with contributions from buy-side work and litigation support, alongside our mandated advisory work. This diversification is a testament to our customer-centric strategy and the adaptability and diligence of our team.

Meanwhile, our proprietary investment portfolio has provided us with steady returns and invaluable stability amid the current climate. Although it has been somewhat affected by fluctuations in the Japanese yen, we remain confident in its ability to deliver sustainable value. Looking ahead, we are exploring opportunities to unlock value from our Japan real estate portfolio through redevelopment and optimisation. We recognise the importance of approaching this initiative with the utmost care and diligence to ensure meaningful returns for our stakeholders.

Whilst the reopening of borders have witnessed rise in business travels and sporadic surges in activities, the business outlook remains uncertain with low visibility. We firmly believe that reviving Hong Kong as the preeminent international financial centre requires a unified effort from the entire financial ecosystem and to this end, we have been actively engaging with various stakeholders, including the government, platform providers, regulators, and intermediaries to drive positive change to ensure the future success of our industry.

In closing, I would like to express my gratitude to our stakeholders for their unwavering support and trust during these challenging times. Together, we will navigate the market headwinds, seize opportunities, and drive our company forward. We remain committed to creating sustainable value for our shareholders, clients, and the communities in which we operate.

Thank you for your continued support.

Sincerely,  
**Arnold Ip Tin Chee**  
*Chairman*

Hong Kong, 20 June 2023

## FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Company and its subsidiaries (together, the “**Group**”) for the last five financial years, as extracted from the audited consolidated financial statements in this annual report (the “**Annual Report**”) for the year ended 31 March (“**FY**”) 2023 (“**FY2023**”) and the annual report for the year ended 31 March 2022 (“**FY2022**”) are as follows:

|   | For the year ended 31 March |                  |                  |                  |                  |
|---|-----------------------------|------------------|------------------|------------------|------------------|
|   | 2023<br>HK\$'000            | 2022<br>HK\$'000 | 2021<br>HK\$'000 | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
| Revenue   | 47,791                      | 55,709           | 59,266           | 59,666           | 77,655           |
| Profit before tax   | 15,524                      | 12,148           | 11,790           | 3,920            | 36,754           |
| Profit for the year attributable to owners of the Company |                             |                  |                  |                  |                  |
| – Reported  | 9,878                       | 6,980            | 6,294            | 494              | 29,746           |
| – Underlying <sup>(Note 1)</sup>                          | 7,001                       | 9,829            | 12,686           | 7,502            | 13,207           |

Notes:

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

|                   | As at 31 March   |                  |                  |                  |                  |
|-------------------|------------------|------------------|------------------|------------------|------------------|
|                   | 2023<br>HK\$'000 | 2022<br>HK\$'000 | 2021<br>HK\$'000 | 2020<br>HK\$'000 | 2019<br>HK\$'000 |
| Total assets      | 630,020          | 663,240          | 713,478          | 730,309          | 695,499          |
| Total liabilities | 207,715          | 222,630          | 249,315          | 264,115          | 232,460          |
| Net assets        | 422,305          | 440,610          | 464,163          | 466,194          | 463,039          |

# OPERATION REVIEW AND FINANCIAL REVIEW

## REVIEW OF OPERATIONS

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

The Group maintained its profitable track record during FY2023 despite headwinds in corporate finance and other consultancy services as a result of subdued market sentiment, and a weakening of Japanese Yen (“JPY”) which affected rental revenue from its Japan property portfolio when translated into the Group’s Hong Kong Dollar (“HK\$”) reporting currency.

Underlying profit attributable to owners of the Company was HK\$7.0 million in FY2023 compared with HK\$9.8 million in FY2022 on the back of 14.2% decline in revenue to HK\$47.8 million in FY2023 from HK\$55.7 million in FY2022. Reported net profit was higher at HK\$10.8 million in FY2023 compared to HK\$8.0 million in FY2022 underpinned by net increase in fair value of the Group’s investment properties in Japan.

### Corporate finance and other consultancy services

A breakdown of revenue from corporate finance and other consultancy services in FY2023 and FY2022 is as follows:

|                     | For the year ended 31 March |             |                                    |                     |             |                                    |
|---------------------|-----------------------------|-------------|------------------------------------|---------------------|-------------|------------------------------------|
|                     | 2023                        |             |                                    | 2022                |             |                                    |
|                     | Revenue<br>HK\$'000         | %           | Number<br>of active<br>engagements | Revenue<br>HK\$'000 | %           | Number<br>of active<br>engagements |
| Sponsorship         | 2,022                       | 12%         | 1                                  | 2,442               | 13%         | 2                                  |
| Financial advisory  | 8,340                       | 51%         | 58                                 | 14,424              | 76%         | 69                                 |
| Compliance advisory | 2,361                       | 15%         | 7                                  | 1,181               | 6%          | 9                                  |
| Others              | 3,607                       | 22%         | 23                                 | 982                 | 5%          | 21                                 |
| <b>Total</b>        | <b>16,330</b>               | <b>100%</b> |                                    | <b>19,029</b>       | <b>100%</b> |                                    |

Revenue from corporate finance and other consultancy services was 14.2% lower at HK\$16.3 million in FY2023 compared to the previous financial year due principally to continued subdued IPO sponsorships activities, in line with a general weak IPO market and uncertain regulatory environment. As a case in point, the number of IPOs on the Hong Kong Stock Exchange further reduced to 90 during the year 2022 from 98 in the year 2021, and such trend had continued during the 5-month period ended 31 May 2023 where there were only 28 IPOs. In particular, no new listing occurred on GEM during the entire year 2022 and 2023 to-date.

There was also a dearth of rule-based financial advisory activities, especially from January to March 2023 and competition on fee level was intense, resulting in the significant reduction in financial advisory revenue. On a brighter note, the efforts toward expanding the higher margin strategic corporate finance consulting work bore fruit and helped offset the above negative impact as revenue from this segment increased significantly.



## OPERATION REVIEW AND FINANCIAL REVIEW

### Proprietary investments

As at 31 March 2023, the Group had a portfolio of 26 investment properties in Japan and one investment property in Hong Kong. They contributed rental income of HK\$31.5 million in FY2023. In comparison, the Group had the same portfolio as at 31 March 2022 and they contributed rental income of HK\$36.7 million in FY2022. The revenue decline over the two financial years was due to the weakening of JPY relative to HK\$.

### Japan

A summary of the investment properties in Japan as at 31 March 2023 are as follows:

|               |                              |                               |                    | Appraised<br>value as at<br>31 March<br>2023<br>JPY million | Appraised<br>value as at<br>31 March<br>2022<br>JPY million | Average<br>occupancy in<br>FY2023<br>(by revenue) |      |
|---------------|------------------------------|-------------------------------|--------------------|---|---|---|------|
| Property name | Location                     | Net rentable<br>area (sq.ft.) | Number<br>of units |   |   |   |      |
| 1.            | Ark Palace Hiragishi         | Sapporo                       | 14,485             | 54  | 434   | 404   | 96%  |
| 2.            | Kitano Machikado GH          | Sapporo                       | 1,572              | 8   | 43  | 45  | 100% |
| 3.            | LC One                       | Sapporo                       | 6,582              | 26  | 143   | 141   | 88%  |
| 4.            | Liberty Hills GH             | Sapporo                       | 926                | 8   | 42  | 41  | 100% |
| 5.            | Libress Hiragishi            | Sapporo                       | 11,554             | 36  | 185   | 184   | 89%  |
| 6.            | Nouvelle 98                  | Sapporo                       | 13,790             | 38  | 239   | 232   | 90%  |
| 7.            | Rakuyukan 36                 | Sapporo                       | 18,046             | 38  | 318   | 316   | 100% |
| 8.            | Relife GH                    | Sapporo                       | 750                | 6   | 34  | 33  | 100% |
| 9.            | Shinoro House GH             | Sapporo                       | 918                | 6   | 38  | 36  | 100% |
| 10.           | South 1 West 18 Building     | Sapporo                       | 15,529             | 37  | 337   | 275   | 93%  |
| 11.           | T House                      | Sapporo                       | 6,751              | 24  | 149   | 147   | 90%  |
| 12.           | Tommy House Hiragishi        | Sapporo                       | 8,782              | 28  | 163   | 163   | 84%  |
| 13.           | Uruoi Kawanone               | Sapporo                       | 15,930             | 65  | 680   | 669   | 93%  |
| 14.           | White Building A & B         | Sapporo                       | 13,523             | 55  | 243   | 239   | 99%  |
| 15.           | Wisteria-S                   | Sapporo                       | 5,997              | 19  | 149   | 146   | 95%  |
| 16.           | City Court Suginami          | Hakodate                      | 13,640             | 44  | 209   | 207   | 83%  |
| 17.           | Azabu Sendaizaka Hills       | Tokyo                         | 12,046             | 7   | 1,464   | 1,460   | 97%  |
| 18.           | Azabu Juban Crown Building   | Tokyo                         | 2,248              | 5   | 251   | 248   | 90%  |
| 19.           | Residence Motoki             | Fukuoka                       | 11,992             | 12  | 334   | 315   | 100% |
| 20.           | Wealth Fujisaki              | Fukuoka                       | 7,390              | 10  | 191   | 173   | 94%  |
| 21.           | KD Shinshigai Building       | Kumamoto                      | 4,463              | 3   | 277   | 275   | 79%  |
| 22.           | Rise Shimodori EXE           | Kumamoto                      | 14,159             | 35  | 516   | 488   | 86%  |
| 23.           | Rise Fujisakidai             | Kumamoto                      | 13,891             | 36  | 397   | 413   | 89%  |
| 24.           | Rise Kumamoto Station South  | Kumamoto                      | 10,116             | 20  | 211   | 211   | 96%  |
| 25.           | Rise Shimodori               | Kumamoto                      | 13,619             | 36  | 445   | 458   | 86%  |
| 26.           | Kagoshima Tenmonkan Building | Kagoshima                     | 6,541              | 1   | 552   | 547   | 100% |

## OPERATION REVIEW AND FINANCIAL REVIEW

Save for Kagoshima Tenmonkan Building and KD Shinshigai Building which are solely used for retail purpose, the investment properties of the Group in Japan are generally for residential purposes.

### *Hong Kong*

The investment property in Hong Kong is an office unit at Duddell Street, Central with saleable area of approximately 2,267 sq.ft.. It had been leased throughout FY2023 and its lease had been renewed in July 2022 for a further term of 3 years and rental rate was reduced slightly by 4% under the new lease. Consequently, there was no material change in rental income contribution from this property in FY2023. This property's appraised value as at 31 March 2023 was HK\$73.0 million.

The Group had a portfolio of securities investments in Hong Kong with market value of approximately HK\$1.0 million as at 31 March 2023. The Group received dividend income of HK\$0.1 million from its securities portfolio in FY2023.

Performance of the Group's real estate portfolio in Japan had improved with average occupancy of 93.2% in FY2023 compared with 91.6% in FY2022. Consequently, rental revenue in JPY terms increased by 1.7% from JPY510 million in FY2022 to JPY518 million in FY2023. Owing to the impact of a weaker JPY, rental income from Japan in HK\$ terms declined from HK\$35.2 million in FY2022 to HK\$30.0 million in FY2023.

In line with our long term investment strategy, during FY2023 the Group carried out improvement works of approximately HK\$5.4 million for value enhancement on a number of properties in Japan, including major renovations on Rise Shimodori and South 1 West 18 Building.

## FINANCIAL REVIEW

### **Review of operating results**

A review of certain items of the operating results of the Group are set out below.

#### **Revenue**

The Group recorded revenue of HK\$47.8 million in FY2023 which was 14.2% lower than revenue of HK\$55.7 million in FY2022 due principally to a HK\$2.7 million revenue decline for the corporate finance and other consultancy services business segment. A weaker JPY meanwhile caused proprietary investments revenue in HK\$ terms to decline by 14.7% or HK\$5.2 million lower.

#### ***Corporate finance and other consultancy services***

The Group undertook 58 rule-based financial advisory services engagements during FY2023 compared with 69 engagements in FY2022. Revenue from this segment decreased substantially as there was a dearth of rule-based corporate advisory activities, especially from January to March 2023. There were also shifts in nature of such rule-based transactions where for example, there were noticeable fewer privatisation and general offer transactions. This was further aggravated by intense competition on fee levels. Consequently, revenue from financial advisory services declined by 42% from HK\$14.4 million to HK\$8.3 million during FY2023.

## OPERATION REVIEW AND FINANCIAL REVIEW

Revenue from compliance advisory doubled to HK\$2.4 million as several newly listed companies had engaged the Group as their compliance adviser during the year while several existing clients had continued to engage the Group as compliance adviser beyond the period of mandatory requirement under the listing rules of Hong Kong's stock exchange (“**Listing Rules**”).

With no clarity and improvement in the Hong Kong IPO market, the Group had not taken on new IPO sponsorship engagement in FY2023 while an ongoing engagement halted during the financial year as the client decided to put off its application in light of unfavourable environment. Consequently, revenue from sponsorship services remained low at HK\$2.0 million in FY2023, similar to the level for FY2022.

The efforts toward expanding the higher margin strategic corporate finance consulting work were reflected in the significant increase in revenue of other corporate advisory services which increased from HK\$1.0 million in FY2022 to HK\$3.6 million in FY2023. These engagements included providing project and investment analysis, litigation support and listing agent services.

### ***Proprietary investments***

Overall occupancy rate of the Group's portfolio in Hong Kong and Japan improved to 93.5% in FY2023 compared with 91.9% in FY2022.

Rental revenue from the Group's Hong Kong commercial property unit remained at HK\$1.5 million as it had been tenanted throughout FY2023 with a nominal downward rental adjustment when the lease was renewed in July 2022.

Rental revenue from the Group's Japan real estate portfolio increased by 1.7% in JPY terms as occupancy rate of the Japan portfolio improved to 93.2% in FY2023 compared with 91.6% in FY2022. In HK\$ term, revenue of Japan real estate portfolio declined by 14.7% from HK\$35.2 million in FY2022 to HK\$30.0 million in FY2023 as JPY had weakened by 16.1% in FY2023 with an average rate of JPY100:HK\$5.79 compared with JPY100:HK\$6.90 in FY2022.

### **Other income**

Other income increased by HK\$0.5 million from HK\$0.2 million in FY2022 to HK\$0.7 million as a result of government grant received during FY2023. There was no such grant during FY2022.

### **Net increase in fair value of investment properties**

The Group recorded net increase in fair value of investment properties of HK\$3.9 million in FY2023 on the back of diverging trends for Hong Kong and Japan property markets. The office unit at Duddell Street, Central, Hong Kong recorded a decrease in fair value of HK\$1.0 million, in line with the muted Hong Kong's office market.

Meanwhile, the Group's Japan real estate portfolio recorded net increase in fair value of JPY84.5 million or HK\$4.9 million. The property market in Japan had been buoyant throughout FY2023, spurred by positive market sentiment and a weak JPY relative to other major currencies. Overall, 21 out of the Group's 26 properties recorded higher fair value with more noticeable increases in (i) South 1 West 18 Building which had undergone major renovations; and (ii) Residence Motoki and Wealth Fujisaki, being two properties located in Fukuoka where the market has been experiencing strong capital value growth.

## OPERATION REVIEW AND FINANCIAL REVIEW

### Property expenses

Property expenses in HK\$ terms had decreased in FY2023 in line with a weaker JPY. Property expenses had decreased at a higher rate of 19.3% than rental income decrease of 14.7% as leasing and advertising expenses and repair and maintenance expenses in Japan were over 50% and 40% lower respectively, in line with lower tenant turnover in FY2023. Leasing and advertising costs are typically incurred to secure new tenants for vacant units, while repair costs are typically incurred to reinstate the conditions of vacant units before being leased out to new tenants.

### Administrative and operating expenses

The Group recorded lower administrative and operating expenses of HK\$22.6 million in FY2023 compared with HK\$26.6 million in FY2022, representing a decrease of HK\$4.0 million or 15.2%. This was mainly due to lower headcount, and hence lower aggregate expenses, on corporate finance, staff-related salary, share award and training costs by HK\$3.9 million in FY2023 compared with FY2022. This was generally in line with the overall lower activities and hence the Group's corporate finance and other consultancy services revenue during FY2023.

### Finance costs

Finance costs in FY2023 were largely stable at HK\$4.3 million compared with HK\$4.1 million in FY2022 despite interest rate increases for the Group's borrowings in Hong Kong as the Group's JPY-denominated borrowings in Japan continued to be repaid overtime according to their loan principal repayment schedules and interest costs of JPY-denominated loans had remained low.

A weaker JPY during FY2023 also resulted in JPY-denominated finance costs to be lower when translated into HK\$ reporting currency, in line with our natural foreign currency hedging strategy of matching our JPY-rental income generating property assets with our JPY-denominated borrowings which finance them.

### Profit for the year

The Group's profit after tax increased by HK\$2.8 million to HK\$10.8 million in FY2023 despite close to HK\$8.0 million of revenue decrease. This was mainly underpinned by (i) a reduction in administrative and operating expenses of HK\$4.0 million; and (ii) a net increase in fair value of investment properties of HK\$3.9 million.

Excluding the effects of net increase in fair value of investment properties, the Group remained profitable with underlying profit of HK\$7.0 million in FY2023, notwithstanding a decline of 29% compared with the underlying profit of HK\$9.8 million in FY2022.



## OPERATION REVIEW AND FINANCIAL REVIEW

### Underlying profit for the year

The table below sets out the profitability of the Group excluding the net effect of fair value changes in the valuation of investment properties and net of deferred taxation charged. Underlying net profit for FY2023 was lower when compared to FY2022 due mainly to lower revenue from corporate finance and other consultancy services and a weaker JPY against HK\$ during FY2023; offset by lower property expenses as well as lower administrative and operating expenses.

|  | FY2023<br>HK\$'000 | FY2022<br>HK\$'000 |
|--|--------------------|--------------------|
| Profit for the year  |                    |                    |
| attributable to owners of the Company                          | 9,878              | 6,980              |
| Excluding:   |                    |                    |
| Net (increase) decrease in fair value of investment properties | (3,891)            | 666                |
| Net of deferred taxation charged                               | 1,014              | 2,183              |
| Adjusted profit for the year                                   | 7,001              | 9,829              |

### 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<br>31 March<br>2023<br>HK\$'000 | As at<br>31 March<br>2022<br>HK\$'000 |
|---|---------------------------------------|---------------------------------------|
| Current assets                            | 38,862                                | 38,807                                |
| Current liabilities                       | 75,437                                | 76,664                                |
| Current ratio (times) <sup>(Note 1)</sup> | 0.5                                   | 0.5                                   |
| Total debt                                | 161,470                               | 176,645                               |
| Total equity                              | 422,305                               | 440,610                               |
| Gearing ratio (%) <sup>(Note 2)</sup>     | 38.2                                  | 40.1                                  |

#### Notes:

1. Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective financial year.
2. Gearing ratio is calculated by dividing total debt by total equity as at the end of the respective financial year.

## OPERATION REVIEW AND FINANCIAL REVIEW

The Group recorded net current liabilities of approximately HK\$36.6 million as at 31 March 2023 as compared with approximately HK\$37.9 million as at 31 March 2022. It is worthwhile to note that while certain bank borrowings of the Group had contractual maturity of over 12 months as at 31 March 2022 and 2023, as their agreements contain repayment on demand clauses, such bank borrowings are classified as current liabilities.

The Directors are satisfied that the liquidity of the Group can be maintained. Details are set out in note 2 to the consolidated financial statements of this Annual Report.

The Group's total debt and total equity as at 31 March 2022 and 2023 are shown above, which translated into gearing ratio as at 31 March 2022 of approximately 40.1% and as at 31 March 2023 of approximately 38.2%.

The depreciation of JPY from HK\$6.43 per JPY100 as at 31 March 2022 to HK\$5.90 per JPY100 as at 31 March 2023 had reduced the Group's JPY-denominated assets and liabilities (including debt), and hence equity, in HK\$ terms as at 31 March 2023. In particular, the reduction in debt was also due to the regular loan principal repayments conducted during FY2023.

### ***Cash balance***

As at 31 March 2023, the Group had cash and bank balances amounted to approximately HK\$35.7 million (31 March 2022: approximately HK\$33.2 million) of which approximately HK\$29.4 million was held in JPY deposited in licenced banks in Hong Kong and Japan.

### ***Foreign exchange and interest rate exposures***

The Group manages its foreign exchange exposure by monitoring the matching of the currencies of its debts with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. In FY2023, loans to be serviced by rental income generated from or secured by properties in Japan were denominated in JPY and serviced by income from Japan denominated in JPY; meanwhile, loans secured by properties (for investment and self-occupation) in Hong Kong were serviced by income derived from Hong Kong denominated in HK\$. Due to the weakness of JPY over FY2023, a negative exchange difference arising on translation of foreign operations of approximately HK\$29.4 million was recorded during FY2023 (FY2022: negative exchange difference of approximately HK\$32.1 million).

To mitigate risks associated with fluctuations of interest rates for some of the loans in Japan with variable interest rates, the Group had entered into derivative financial instruments as a means to effectively fix the interest rate. As at 31 March 2023, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK\$8.5 million (31 March 2022: approximately HK\$15.8 million).

### ***Bank borrowings***

Total interest bearing loans of the Group decreased from approximately HK\$176.6 million as at 31 March 2022 to approximately HK\$161.5 million as at 31 March 2023, consisting of borrowings in Hong Kong of approximately HK\$50.0 million (31 March 2022: HK\$51.0 million) and borrowings in Japan of approximately HK\$111.5 million (31 March 2022: HK\$125.6 million). As at 31 March 2023, approximately HK\$71.0 million (31 March 2022: approximately HK\$67.6 million) of interest bearing loans of the Group had variable interest rates.

## OPERATION REVIEW AND FINANCIAL REVIEW

During FY2023, these loans carried fixed and variable interest rates ranging from 0.83% to 6.83% per annum (FY2022: ranging from 1.08% to 2.85% per annum), comprising borrowings in Hong Kong with variable interest rates ranging from 1.80% to 6.83% per annum (FY2022: 1.86% to 2.66% per annum) and borrowings in Japan with fixed and variable interest rates ranging from 0.83% to 2.85% per annum (FY2022: 1.08% to 2.85% per annum).

Excluding the impact of net change in fair value of investment properties, 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) for FY2023 was 3.7 times (FY2022: 4.1 times).

### *Charges on the assets of the Group*

As at 31 March 2023, (i) both properties in Hong Kong; and (ii) all the properties in Japan (save for Kitano Machikado GH, Liberty Hill GH, Rakuyukan 36, Relife GH and Shinoro House GH), had been charged in favour of banks and financial institutions in Hong Kong and Japan for loans facilities granted to the Group.

### Capital commitments

|   | As at 31 March<br>2023<br>HK\$'000 | As at 31 March<br>2022<br>HK\$'000 |
|---|------------------------------------|------------------------------------|
| Capital expenditure in respect of acquisition of investment properties contracted for but not provided in the consolidated financial statements | 10,620                             | –                                  |

### Contingent liabilities

As at 31 March 2023, the Group did not have any significant contingent liabilities (31 March 2022: nil).

### Material acquisition and disposal of subsidiaries, associates and joint ventures

During FY2023, there was no material acquisition and disposal of subsidiaries, associates and joint ventures of the Company.

### Event after the reporting period

On 4 April 2023, the Group completed the acquisition (through Starich Resources Limited, a wholly-owned subsidiary) of an investment property namely Base 1st (the “**Property**”) for rental income and/or capital appreciation purposes at the consideration of JPY190.0 million. The Property is a five-storey building with total floor area of approximately 442.4 square metres, comprising 19 residential units and two car parking units for residential use. The Property was built in 2020 and is located at 1 Chome-10-21, Shimoarata, Kagoshima City, Kagoshima Prefecture, Japan. Details of the Property were disclosed in the Company’s announcements dated 2 March 2023 and 4 April 2023.

## OPERATION REVIEW AND FINANCIAL REVIEW

### Principal risk and uncertainty

The key risks and uncertainties to which the Group is subject are set out in sections headed “Operation review and financial review”, “Directors report” and in the notes to audited consolidated financial statements. A short summary is provided as follows:

- I. Risks associated with the corporate finance and other consultancy activities, include amongst others,
  - (i) the business of the Group being subject to fluctuations in financial performance due to (i) corporate finance and other consultancy transactions being project-based in nature; and (ii) milestone payment arrangement;
  - (ii) the business of the Group depending on the continuing efforts of the executive and senior management;
  - (iii) the Group being exposed to risks associated with retention and recruitment of licensed personnel; and
  - (iv) the Group being subject to extensive regulatory requirements, non-compliance with which, or changes in these regulatory requirements, may affect the business operations and financial results.
  
- II. Risks associated with the proprietary investments activities, include amongst others,
  - (i) income earned from, and the value of, the properties may be adversely affected by a number of factors, including general downturn of the economy and the timeliness of tenant’s payment of rent etc.;
  - (ii) unforeseen ad-hoc maintenance and repairs in respect of physical damage to the properties may disrupt the operations of the properties and collection of rental income or otherwise result in an adverse impact on the financial condition of the Group;
  - (iii) investment performance being susceptible to fluctuations in the value of foreign currencies, in particular, the JPY;
  - (iv) the properties in Japan may be affected by the introduction of new laws and changes in the laws and regulations in Japan; and
  - (v) risks associated with the Japanese tokumei kumiai arrangement (the “TK Arrangement”).



## OPERATION REVIEW AND FINANCIAL REVIEW

### OUTLOOK AND STRATEGY

#### Advisory and consulting

In the past year, we had maintained our leading market position in rule-based financial advisory work, in particular in the area of acting as independent financial advisers to Hong Kong-listed companies for Listing Rules and Takeovers Code-related transactions. Rule-based work provides the Group with market visibility of our services and brand and we will continue with the strategy of maintaining such visibility by being competitive in terms of fee as necessary while providing high quality work.

The Group has received more enquiries for acting as compliance advisers for new listings in recent months. This may indicate increasing market interest and more Hong Kong IPO applications in the coming months. There have also been initiatives on the part of government and regulators, such as a review of the GEM market in Hong Kong, which we are hopeful of reviving attention and positive sentiments towards IPO activities of small-medium enterprises. The Group will continuously assess the situations when embarking on new IPO projects, bearing clients' interests and best use of its human resources in mind.

In the past year, the Group had made some headway in developing its strategic corporate finance consulting work. The strategy going forward shall be to continuously enhance awareness of such services among our clients, especially the Group's large pool of Hong Kong-listed company clients. At the same time, to leverage on our established presence in Hong Kong, to explore new clients such as ASEAN-based companies, which require these services.

#### Proprietary investments

##### *Hong Kong*

The existing tenancy of the Group's investment property in Central, Hong Kong runs till July 2024 and can be expected to contribute rental income in the coming financial year.

##### *Japan*

Underpinned by low interest rates and weaker JPY compared to other major currencies, the Japan real estate market has been experiencing strong capital value growth; in line with the inflationary environment unprecedented in recent decades. Illustrating this trend, land prices in four major regional cities in Japan (Fukuoka, Sapporo, Hiroshima and Sendai) recorded year-on-year growth of 8.6%. The Group has resumed its acquisition activities and completed the acquisition of a residential property in Kagoshima City in April 2023. Subject to availability of financial resources, the Group will continue to look out for opportunities amidst this buoyant market.

Strong land prices signaled another strategy which the Group will explore – the unlocking of value of some of the Group's older properties which sit on land in prime locations. These initiatives may include (i) refurbishment to enhance rental value; (ii) redevelopment to enhance rental and sale value; and (iii) outright sale to buyers who pay significant premium in light of value of land.

The above active strategy and fluctuations of JPY relative to HK\$ aside, we expect operations and revenue contribution from the Group's portfolio properties to remain stable.

# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

The Board recognises the importance of good corporate governance, as well as corporate transparency and accountability. Therefore, the Company aims to establish and maintain good corporate governance practices and is committed to achieving high standard of corporate governance to maximise shareholders' interests while taking into account the interests of other stakeholders as a whole.

## CORPORATE GOVERNANCE PRACTICES

The shares of the Company were listed on GEM on 17 October 2016 (the “**Listing Date**”). The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 15 to the GEM Listing Rules during FY2023. During FY2023, 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 FY2023 and up to the date of this Annual Report (the “**Relevant Period**”).

## BOARD OF DIRECTORS

As at the date of this Annual Report, the Board comprises three executive Directors and three independent non-executive Directors. Details of their composition by category are as follows:

### *Executive Directors*

Mr. Arnold Ip Tin Chee (*Chairman*)

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

Biographical details of the Directors are set out in the section headed “Biographical details of directors and senior management” of this Annual Report. Save as disclosed the relationship between Directors and senior management as set out in section headed “Disclosure of relationship” of this Annual Report, there was no relationship (including financial, business, family or other material and relevant relationship(s)) between Board members.

# CORPORATE GOVERNANCE REPORT

## RESPONSIBILITIES OF THE BOARD

The Board supervises the overall management and administration of the business of the Group and ensures that it acts in the best interests of the shareholders of the Company (the “Shareholders”) while taking into account the interests of other stakeholders as a whole. The Board is primarily responsible for overall development, strategic planning, reviewing and monitoring the business performance, approving the financial statements and annual budgets, internal controls and risk management as well as supervising the management of the Group. Execution of operational matters and the powers thereof are delegated to the executive Directors and senior management by the Board. The Board is regularly provided with management update reports to give a balanced and understandable assessment of the performance, position, recent development and prospects of the Group.

According to the code provision D.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During FY2023, the executive Directors have provided to all the other members of the Board updates on any material changes to the position and prospects of the Group, which are considered to be sufficient to provide general updates of the performance of the Group, position and prospects to the Board members and allow them to give a balanced and understandable assessment of the same for the purposes of code provision D.1.2 of the CG Code.

The Board is of the view that the various experiences and professional qualifications of both the executive Directors and the independent non-executive Directors have provided balanced skills, experience and expertise for the businesses of the Group.

The Company has taken out directors and officers liability insurance to cover liabilities arising from any legal action against the Directors.

## CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company currently has not appointed any chief executive.

The Board currently comprises three executive Directors and three independent non-executive Directors with diverse qualifications and experience which ensure that the Board has a strong element of independence in its composition for its decision making. The Board also considers the day-to-day management of business has been properly delegated to different individuals.

Mr. Arnold Ip Tin Chee is the chairman of the Company, who provides leadership and governance of the Board and ensures that all key and relevant issues are deliberated in a timely manner. He is responsible for the overall management and administration of the business and daily operations of the Group as executive Director. Mr. Chang Sean Pey and Ms. Leung Churk Yin Jeanny, the executive Directors, are responsible for the overall development, strategic planning and major business decisions of the Group. The Board is regularly provided with management updates to allow its members to give a balanced and understandable assessment of the performance, position, recent development and prospects of the Group. Therefore, the Board considers that there is sufficient balance of executive authority, and that executive authority is not concentrated in the hands of any one individual.

# CORPORATE GOVERNANCE REPORT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are mainly responsible for advising on issues such as corporate governance, audit, remuneration and nomination of Directors and senior management. In compliance with Rules 5.05A and 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors, representing more than one-third of the Board, and appointment of an independent non-executive director with appropriate professional qualifications, or accounting or related of financial management expertise. The Group has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company is of the view that all the independent non-executive Directors have met the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and considers that they are independent.

## BOARD COMMITTEES

The Board has established three committees, namely the audit committee (the “**Audit Committee**”), remuneration committee (the “**Remuneration Committee**”) and nomination committee (the “**Nomination Committee**”) on 26 September 2016, to oversee particular aspects of the affairs of the Group. Each of the three committees has sufficient resources, and its specific terms of reference that are approved by the Board relating to its responsibilities, duties, powers and functions, are published on the respective websites of the Stock Exchange and the Company.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance at the expenses of the Company. The Board committees will regularly report to the Board on decisions or recommendations made.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the corporate governance functions under code provision A.2.1 of the CG Code. Its responsibilities include:

- (i) developing and reviewing the policies and practices of the Group on corporate governance;
- (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (iii) reviewing and monitoring the policies and practices of the Group on compliance with legal and regulatory requirements;
- (iv) reviewing and monitoring the Code of Conduct and compliance manual applicable to employees and Directors; and
- (v) reviewing the compliance with the CG Code and relevant disclosure of the Group.

The Board has reviewed and discussed the above matters and corporate governance policy and practice of the Group and is satisfied with its effectiveness during FY2023.



# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to a resolution of the Board passed on 26 September 2016 with written terms of reference in compliance with the CG Code and Rule 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are (i) to review the relationship with external auditor and to make recommendations to the Board on the appointment and removal of external auditor; (ii) to review the financial statements and render advice in respect of financial reporting; (iii) to oversee internal control procedures and corporate governance of the Group; (iv) to supervise internal control and risk management systems of the Group; and (v) to monitor continuing connected transactions (if any).

The Audit Committee 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 qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The following is a summary of work performed by the Audit Committee during the Relevant Period:

- (a) reviewed the unaudited financial statements for three months ended 30 June 2022, six months ended 30 September 2022 and nine months ended 31 December 2022;
- (b) reviewed the audited financial statements for FY2022 and FY2023;
- (c) monitored the financial reporting, internal control and risk management systems of the Group;
- (d) reviewed the remuneration and the appointment and the terms of engagement of the external auditor, internal control consultant and non-audit services;
- (e) reviewed the audit scope proposed by the external auditor and its independence; and
- (f) reviewed the internal control consultant report as to the effectiveness of internal audit function.

The attendance record of the members of the Audit Committee at meetings during FY2023 is set out below:

| <b>Name of members</b>                 | <b>Attendance/No. of Meetings</b> |
|--|-----------------------------------|
| Mr. Chan Sun Kwong ( <i>Chairman</i> ) | 5/5                               |
| Mr. Chao Tien Yo                       | 5/5                               |
| Mr. Lee Shu Yin                        | 5/5                               |

## REMUNERATION COMMITTEE

The Company has established the Remuneration Committee pursuant to a resolution of the Board passed on 26 September 2016 with written terms of reference in compliance with the CG Code and Rules 5.34 and 5.35 of the GEM Listing Rules. The primary duties of the Remuneration Committee are (i) to review and make recommendations to the Board on the overall remuneration policy and structure relating to all Directors, senior management and the general staff of the Company; (ii) to determine other remuneration-related matters, including benefits in-kind and other compensation payable to the Directors; (iii) to determine the performance-based remunerations and to establish a formal and transparent procedure for developing policy in relation to remuneration; (iv) to ensure that no director or any of their associates is involved in deciding that director's own remuneration; and (v) to review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules. The Remuneration Committee adopted the model described in code provision E.1.2 (c)(i).

## CORPORATE GOVERNANCE REPORT

The Remuneration Committee currently consists of one executive Director, Mr. Arnold Ip Tin Chee, and all three independent non-executive Directors, namely Mr. Chao Tien Yo, Mr. Chan Sun Kwong and Mr. Lee Shu Yin. It is currently chaired by Mr. Lee Shu Yin.

One Remuneration Committee meetings were held during FY2023 to consider the bonus payments and remuneration package for the Directors and senior management, to review the remuneration policy and structure of the Directors and senior management and determine remuneration package of the Directors and senior management. The attendance record of the members of the Remuneration Committee at meetings is set out below:

| <b>Name of members</b>              | <b>Attendance/No. of meetings</b> |
|-------------------------------------|-----------------------------------|
| Mr. Lee Shu Yin ( <i>Chairman</i> ) | 1/1                               |
| Mr. Chao Tien Yo                    | 1/1                               |
| Mr. Chan Sun Kwong                  | 1/1                               |
| Mr. Arnold Ip Tin Chee              | 1/1                               |

### NOMINATION COMMITTEE

The Group has established the Nomination Committee pursuant to a resolution of the Board passed on 26 September 2016 with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are (i) to review the structure, size, composition and diversity of the Board on a regular basis; (ii) to identify individuals suitably qualified to become Board members; (iii) to assess the independence of independent non-executive Directors; (iv) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors; and (v) to make recommendations to the Board regarding the candidates to fill vacancies on the Board.

The Nomination Committee currently consists of one executive Director, Mr. Arnold Ip Tin Chee, and all three independent non-executive Directors, namely Mr. Chao Tien Yo, Mr. Chan Sun Kwong and Mr. Lee Shu Yin. It is currently chaired by Mr. Chao Tien Yo.

Two Nomination Committee meetings were held during FY2023 to consider (i) the retirement and re-election of Directors, to review the annual confirmation and assess the independence of the independent non-executive Directors, the current structure, size and diversity of the Board, the board diversity policy and the contribution required from a director to perform his/her responsibility and (ii) the change of company secretary of the Company. The attendance record of the members of the Nomination Committee at meetings during FY2023 is set out below:

| <b>Name of members</b>               | <b>Attendance/No. of Meeting</b> |
|--------------------------------------|----------------------------------|
| Mr. Chao Tien Yo ( <i>Chairman</i> ) | 2/2                              |
| Mr. Chan Sun Kwong                   | 2/2                              |
| Mr. Lee Shu Yin                      | 2/2                              |
| Mr. Arnold Ip Tin Chee               | 2/2                              |

# CORPORATE GOVERNANCE REPORT

## NOMINATION POLICY

The nominations were made in accordance with objective criteria (including gender, age, cultural and education background, professional experience, reputation for integrity, accomplishment and experience in the business of the Group, commitment in respect of available time and relevant interest and other factors as considers appropriate) with due regard for the benefits of diversity, as set out in the board diversity policy. For re-election of existing Directors or proposing candidates to stand for election at a general meeting, the Nomination Committee would make recommendation of candidates for the Board's consideration and approval.

## BOARD DIVERSITY

The Board has adopted a board diversity policy, which is published on the website of the Company and recognises the benefits of a Board that possesses a balance of skills set, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Board's composition reflects a good use of differences in the skills, regional and industrial experience, background, gender and other qualities and contribute to the effectiveness of the Board. The Board is also satisfied with contributions from Directors during the Relevant Period.

## TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our executive Directors has entered into a service agreement with the Company on 26 September 2016 for an initial term of three years commencing from the Listing Date which shall continue thereafter. Either party may terminate the service agreement by giving to the other not less than three months' prior notice in writing at any time during the initial term and thereafter.

Each of the independent non-executive Directors has signed a letter of appointment on 26 September 2016 for a term of three years commencing from the Listing Date which shall continue thereafter. The independent non-executive Directors may terminate their letter of appointment by giving a minimum of three months' notice in writing to the Company.

According to Article 84 of the articles of association of the Company (the "**Articles**"), one-third of the Directors for the time being (or, if the number of Directors is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an annual general meeting of the Company ("**AGM**") at least once every three years. In the upcoming AGM, two independent non-executive Directors, being Mr. Chao Tien Yo and Mr. Lee Shu Yin, would retire and be subject to re-election.

# CORPORATE GOVERNANCE REPORT

## BOARD MEETINGS

Code provision C.5.1 of the CG Code states that Board meeting should be held at least four times each year at approximately quarterly intervals with active participation, either in person or through electronic means of communication by the majority of the Directors entitled to be present. The Board delegates necessary powers and authorities to the executive Directors to facilitate the efficient day-to-day management of the businesses of the Group. Directors who are considered having conflict of interests or material interests in proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolutions subject to certain exceptions set out in the Articles. The company secretary is responsible for facilitating the Board process as well as communications among Board members. Any Director, Audit Committee member, Remuneration Committee member and Nomination Committee member of the Company may take independent professional advice at the expense of the Company should they so wish.

The attendance record of each Director at Board meetings during FY2023 is set out below:

| <b>Name of Directors</b>                   | <b>Attendance/No. of Meetings</b> |
|--|-----------------------------------|
| Mr. Arnold Ip Tin Chee ( <i>Chairman</i> ) | 8/9                               |
| Mr. Chang Sean Pey                         | 9/9                               |
| Ms. Leung Churk Yin Jeanny                 | 9/9                               |
| Mr. Chao Tien Yo                           | 9/9                               |
| Mr. Chan Sun Kwong                         | 8/9                               |
| Mr. Lee Shu Yin                            | 8/9                               |

As stated in code provision C.5.3, notice of regular Board meetings will be given to all Directors at least 14 days prior to the scheduled Board meeting. For all other Board meetings, reasonable notice would be given.

## GENERAL MEETINGS

The latest Shareholders' meetings of the Company were the annual general meeting and extraordinary general meeting which were both held on 8 August 2022 at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong. The attendance record of each Directors at the above general meetings during FY2023 is set out below:

| <b>Name of Directors</b>                   | <b>Attendance/No. of Meetings</b> |
|--|-----------------------------------|
| Mr. Arnold Ip Tin Chee ( <i>Chairman</i> ) | 2/2                               |
| Mr. Chang Sean Pey                         | 2/2                               |
| Ms. Leung Churk Yin Jeanny                 | 2/2                               |
| Mr. Chao Tien Yo                           | 2/2                               |
| Mr. Chan Sun Kwong                         | 2/2                               |
| Mr. Lee Shu Yin                            | 2/2                               |

## CORPORATE GOVERNANCE REPORT

### TRAINING FOR DIRECTORS AND COMPANY SECRETARY AND CONTINUING PROFESSIONAL DEVELOPMENT

According to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. For FY2023, each Director attended training at courses, seminars or talks provided by professional, which covered amongst other topics, the CG Code, as well as the GEM listed company's and directors' continuing obligations. In addition, during the Relevant Period, each of the Directors has from time to time reviewed updates on laws, rules and regulations which might be relevant to their roles, duties and functions as a director of a listed company.

Mr. Tam Ho Kei Leo, the company secretary of the Company, has complied with the relevant training requirement under Rule 5.15 of the GEM Listing Rules during the Relevant Period.

### AUDITOR'S REMUNERATION

The remuneration paid/payable to the auditor of the Group for FY2023 is set out as follows:

| <b>Services rendered</b>             | <b>HK\$</b>    |
|--------------------------------------|----------------|
| Audit service                        | 660,000        |
| Non-audit services <sup>(Note)</sup> | 43,400         |
| <b>Total</b>                         | <b>703,400</b> |

*Note:* Non-audit services include taxation related services and other services.

### COMPANY SECRETARY

Please refer to the section headed "Biographical details of directors and senior management" of this Annual Report for biographical details of the company secretary of the Company.

### COMPLIANCE OFFICER

Ms. Leung Churk Yin Jeanny, an executive Director, was appointed as the compliance officer of the Company on 8 April 2016. Please refer to the section headed "Biographical details of directors and senior management" of this Annual Report for biographical details of the compliance officer of the Company.



## CORPORATE GOVERNANCE REPORT

### DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements for FY2023 which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements for FY2023, the Board has selected suitable accounting policies and applied them consistently, and made judgments and estimates that are fair and reasonable.

As at 31 March 2023, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the ability of the Group to continue as a going concern. Therefore, the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. The independent auditor's report prepared by the external auditor, SHINEWING (HK) CPA LIMITED, about their reporting responsibility on the consolidated financial statements of the Group is set out in the independent auditor's report of this Annual Report.

### REMUNERATION OF EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

Details of the Directors' remuneration and five highest paid individuals' emoluments are set out in note 15 to the audited consolidated financial statements of this Annual Report.

Details of the executive Director's and senior management's emoluments by band are set out as follows:

|                               | Number of<br>executive Directors and<br>senior management |
|-------------------------------|---|
| HK\$0 – HK\$1,000,000         | 3   |
| HK\$1,000,001 – HK\$2,000,000 | 4   |
| Total                         | 7   |

### SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

An annual general meeting shall be held each year and at the place as may be determined by the Board. Each general meeting, other than the annual general meeting, shall be called an extraordinary general meeting.

The annual general meeting will provide a forum for the Board and the Shareholders to communicate. The Board will answer questions raised by Shareholders at the AGM. For the purpose of effective communication, the Company also includes the latest information relating to the Group on its website at <http://www.altus.com.hk>.

## CORPORATE GOVERNANCE REPORT

There are no provisions in the Articles for members to put forward new resolutions at general meetings. However, members of the Company who wish to propose resolutions are requested to follow Article 58 of the Articles to make a requisition for an extraordinary general meeting. According to Article 58 of the Articles, any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The requisition must be deposited for the attention of the Board or the company secretary of the Company via mail to the principal place of business of the Company in Hong Kong at 21 Wing Wo Street, Central, Hong Kong or via email (co.sec@altus.com.hk), requiring an extraordinary general meeting to be called by the Board and specifying the business that the shareholder(s) wish to discuss.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

The procedures for proposing a person for election as a director of the Company is published on the website of the Company.

The dividend policy of the Company is to strike a balance between maintaining sufficient capital to grow its businesses and rewarding shareholders of the Company. According to the dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

- (i) the general financial condition of the Group;
- (ii) the actual and future operations and liquidity positions of the Group;
- (iii) the future cash requirements and availability;
- (iv) any restrictions on payment of dividends that may be imposed by the lenders of the Group;
- (v) the general market conditions; and
- (vi) any other factor that the Board deems appropriate.

## CONSTITUTIONAL DOCUMENTS

The Company adopted the amended and restated Memorandum of Association of the Company and the Articles on 26 September 2016 to comply with the GEM Listing Rules in Hong Kong.

A copy of the amended and restated Memorandum of Association of the Company and the Articles is published on the respective websites of the Stock Exchange and the Company.

During FY2023, there has been no change in the Memorandum of Association of the Company and the Articles.

## CORPORATE GOVERNANCE REPORT

To adopt a uniform set of 14 “Core Standards” for shareholder protections for issuers set out in Appendix 3 to the GEM Listing Rules, the Board has resolved to put the resolution in relation to the proposed amendments to the Memorandum of Association of the Company and the Articles and the adoption of the second amended and restated memorandum of association of the Company and the second amended and restated articles of association of the Company for Shareholders’ approval at the annual general meeting of the Company to be held on 8 August 2023.

### RISK MANAGEMENT AND INTERNAL CONTROLS

It is the responsibility of the Board to ensure that a sound and effective risk management and internal control system is in place for safeguarding the interests of the Shareholders. The Board has overall responsibility for the risk management and internal control system of the Group. However, such systems are designed to manage the risk of the Group within an acceptable risk profile, rather than to eliminate the risk of failure to achieve business objectives of the Group, and can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

For FY2023, the Board conducted an annual review of the effectiveness of the risk management and internal control system, which covered the areas of financial, operational, compliance and risk management. The Board considered the system of the Group to be adequate and effective. As at the date of this Annual Report, the Group has engaged an independent internal control consultant to review the effectiveness of the internal control system and perform internal audit function of the Group. The internal control consultant has directly reported to the Audit Committee. Going forward, the Directors will continue to regularly assess and review the effectiveness of the risk management and internal control system of the Group.

The Group has also established a set of risk management policies and measures. The risk management process of the Group starts with identifying the major risks associated with its business, industry and market in the ordinary course of business. The Board and senior management are responsible for identifying and analysing the risks associated with their respective functions, preparing and measuring risk mitigation plans and reporting the status of risk management.

### INSIDE INFORMATION

With respect to procedures and internal controls for handling and dissemination of inside information, the Company is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the GEM Listing Rules, has included in compliance manual and ensures, through consideration of outcome by senior management, appropriate handling and dissemination of inside information.

### PROCEDURES FOR RAISING ENQUIRIES

Written enquiries may be sent to the Company or the Board through the company secretary of the Company whose contact details are as follows:

Address: 21 Wing Wo Street, Central, Hong Kong  
Fax: (852) 2522 6992  
E-mail: [co.sec@altus.com.hk](mailto:co.sec@altus.com.hk)

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Arnold Ip Tin Chee (葉天賜) (“Mr. Ip”)**, aged 60, founded our Group in September 2000. Mr. Ip is responsible for providing leadership and direction to our management team to ensure alignment with the long term interests of our shareholders. Mr. Ip represents our group in industry outreach and maintains strong relationships with our key stakeholders. Mr. Ip also serves as chairman of the investment committee and a member of Remuneration Committee and Nomination Committee of the group.

Mr. Ip obtained a Bachelor of Arts degree and a Master of Arts degree from the University of Cambridge in the United Kingdom in June 1984 and November 1988 respectively. Subsequently, he joined Standard Chartered Asia Limited and had acted as a director. Mr. Ip later joined Yuanta Securities (Hong Kong) Company Limited and had been a director until January 2001. In September 2000, Mr. Ip founded our Group. Throughout the 2000s, he helped found and oversee the management teams of several funds as well as Saizen REIT, a real estate investment trust previously listed in Singapore, which focused on Japanese real estate investment property. Mr. Ip was the chairman and non-executive director of Japan Residential Assets Manager Limited, the manager of Saizen REIT, from July 2007 to August 2018.

Mr. Ip is currently licensed by the Securities and Futures Commission (“SFC”) to act as a responsible officer to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (“SFO”). He is also a principal of Altus Capital for sponsorships. He was admitted to membership of The Institute of Chartered Accountants in England and Wales in July 1988. Mr. Ip is the spouse of Ms. Ho Shuk Yee Samantha, a member of our senior management.

Mr. Ip’s directorships in other companies listed on the Stock Exchange are set out below:

| Company  | Principal business during tenure  | Position                           | Period                                |
|--|---|------------------------------------|---------------------------------------|
| Pioneer Global Group Limited (stock code: 0224)  | Investment holdings   | Independent non-executive director | 23 June 1999 to present               |
| Pak Fah Yeow International Limited (stock code: 0239)                                  | Manufacture, marketing and distribution of medicated embrocation under “Hoe Hin” brand and property and treasury investment | Independent non-executive director | 8 September 2004 to 30 September 2022 |
| Sam Woo Construction Group Limited (stock code: 3822)                                  | Provision of foundation works and ancillary services  | Independent non-executive director | 15 September 2014 to present          |
| SV Vision Limited (formerly known as Icicle Group Holdings Limited) (stock code: 8429) | Provision of marketing production and ancillary services  | Independent non-executive director | 16 November 2017 to present           |

Mr. Ip is also a director of a number of subsidiaries of the Group. He is also a director of, Flying Castle Limited and Kinley Hecico Holdings Limited (“KHHL”), substantial shareholders of the Company, which have interest in the shares of the Company as disclosed in the section of “Substantial shareholders’ interests and short positions in the shares and underlying shares of the Company and other members of the Group”.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Chang Sean Pey (曾憲沛) (“Mr. Chang”)**, aged 51, has been with our Group since February 2001. Mr. Chang assists our chairman on managing the company’s relationship with investors. He is also responsible for origination of new projects and supervises the execution of fees generating projects. Mr. Chang is a member of the group’s investment committee.

After graduating from the National University of Singapore in Singapore with a Degree of Bachelor of Engineering (Mechanical) in July 1996, Mr. Chang began his career as a management trainee, and thereafter worked in the corporate finance services division of the investment banking department at the Development Bank of Singapore Limited, specialising in fund raising activities in the equity capital markets from July 1996 to April 2000 where his last position was manager. In April 2000, he joined a former subsidiary of our Group in Hong Kong. Throughout the 2000s, he was also involved in overseeing the management teams of several funds as well as Saizen REIT, a real estate investment trust previously listed in Singapore, which focused on Japanese real estate investment property.

Mr. Chang is currently licensed by the SFC to act as a responsible officer to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He is also a principal of Altus Capital for sponsorships.

Mr. Chang is also a director of a number of subsidiaries of our Group.

**Ms. Leung Churk Yin Jeanny (梁綽然) (“Ms. Leung”)**, aged 58, was appointed as a Director on 3 March 2016 and was redesignated as an executive Director on 8 April 2016. Ms. Leung oversees our compliance matters and is responsible for revenue generation through project origination and supervising fees generating project execution. Ms. Leung is a member of our investment committee.

Prior to joining the Group, Ms. Leung has garnered over 30 years of experience in the corporate finance advisory and commercial field in Greater China, having worked at Standard Chartered Asia Limited, JP Morgan Securities (Asia) Limited, Yuanta Securities (Hong Kong) Company Limited and Access Capital Limited. Jeanny had also participated in regulatory work at the Listing Division of The Stock Exchange of Hong Kong Limited for four years. She is also an experienced business executive and served as executive director for several main board listed companies in Hong Kong. Ms. Leung obtained a degree of Bachelor of Science from the University of Toronto in Canada.

Ms. Leung is currently licensed by the SFC to act as a responsible officer to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under SFO. She is also a principal of Altus Capital for sponsorships.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Leung also holds the position of director in another company listed on the Stock Exchange, as set out below:

| Company   | Principal business during tenure   | Position                           | Period                       |
|---|--|------------------------------------|------------------------------|
| Top Form International Limited<br>(stock code: 333) | Design, manufacture and distribution of ladies' intimate apparel, principally brassieres | Independent non-executive director | 19 September 2008 to present |

Ms. Leung is also a director of a number of subsidiaries of our Group.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Chao Tien Yo (趙天岳) (“Mr. Chao”)**, aged 68, joined the Company as an independent non-executive Director. He is chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Chao qualified as a solicitor in England and Wales in October 1983 and in Hong Kong in March 1984. After a legal career of over thirty years with international and Hong Kong law firms, he retired from professional private legal practice in 2015. Mr. Chao holds the degrees of Bachelor of Arts, Bachelor of Linguistics and Master of Arts from the University of Hong Kong, the University of Manchester and the University of Keele, respectively.

**Mr. Chan Sun Kwong (陳晨光) (“Mr. Chan”)**, aged 56, joined the Company as an independent non-executive Director. He is the chairman of Audit Committee and member of Remuneration Committee and Nomination Committee of the Company.

Mr. Chan obtained a diploma of business administration from the Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University). He is a fellow member of the Hong Kong Chartered Governance Institute, the Chartered Governance Institute, the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He is an accredited mediator of The Hong Kong Mediation Centre. Mr. Chan has over 30 years of experience in accounting, auditing, banking and company secretarial and corporate governance fields.

**Mr. Lee Shu Yin (李樹賢) (“Mr. Lee”)**, aged 56, joined the Company as an independent non-executive Director. He is the chairman of Remuneration Committee and member of Nomination Committee and Audit Committee of the Company. Mr. Lee has over twenty years of experience in real estate, corporate finance, investment and management. He is currently the chief executive of Asiasec Properties Limited, prior to which he was an executive director of Tian An China Investments Limited. He was the chief investment officer of Grand River Properties (China) Ltd, a company he co-founded in 2003. Mr. Lee's experience includes serving as a vice president and director of JP Morgan Securities Limited/Robert Fleming Securities while based in London, New York and Boston and as an executive director of Goldman Sachs International in Hong Kong. He obtained a Degree of Master of Science in Finance in September 1999 from the London Business School of the University of London in the United Kingdom, and Bachelor of Arts Degree and Bachelor of Science Degree from Stanford University (officially the Leland Stanford Junior University) in the United States in June 1989. Mr. Lee was accredited as a chartered financial analyst by the Institute of Chartered Financial Analysts.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee also holds or held the position of director in another companies listed on the Stock Exchange, as set out below:

| Company   | Principal business during tenure  | Position                                     | Period  |
|---|---|--|---|
| Tian An China Investments Company Limited<br>(stock code: 0028) | Development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC | Non-executive director<br>Executive director | 18 March 2011 to 14 June 2017<br>15 June 2017 to 3 January 2018 |
| Asiasec Properties Limited<br>(stock code: 0271)                | Investment in properties  | Chief Executive and Executive director       | 4 January 2018 to present                                       |

## DISCLOSURE OF RELATIONSHIPS

Save for Mr. Ip and Ms. Ho, an executive Director and a member of the senior management of the Group respectively, who are spouses, each of our Directors and senior management are independent from and not related to any of our Directors or senior management.

Save as disclosed above and elsewhere in this Annual Report, each of our Directors confirmed with respect to himself/herself that: (i) apart from our Company, he/she has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) save as disclosed in the section headed “Directors’ Report” in this Annual Report, he/she does not have any interests in the shares within the meaning of Part XV of the SFO; (iii) there is no other information that should be disclosed for himself/herself pursuant to Rule 17.50(2) of the GEM Listing Rules; and (iv) to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there are no other matters with respect to the Directors that need to be brought to the attention of the Shareholders as at the date of this Annual Report.

## SENIOR MANAGEMENT

**Ms. Ho Shuk Yee Samantha (何淑懿) (“Ms. Ho”)**, aged 59, joined our Group in May 2014. In her capacity as chief investment officer and a member of the investment committee, Ms. Ho supports our chairman in formulating our investment strategy. She advises the executive Directors on all aspects of investment management, including risk assessment, diversification and asset allocation. Ms. Ho has 30 years’ of experience in the finance industry, specialising in fund management. Prior to joining our Group, she had served as a director of the board of Hong Kong Securities and Investment Institute from December 2008 to December 2014. She had acted as investment director at Invesco Hong Kong Limited from November 2004 to August 2012. From April 2003 to June 2004, she was a licensed representative for Manulife Asset Management (Hong Kong) Limited. Her other experience prior to this includes working at SEB Investment Management from January 1994 to March 2000 and Jardine Fleming Securities Limited from October 1989 to December 1993.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Ho obtained a degree of Master of Business Administration from UCLA Anderson School of Management in June 1988 and a degree of Bachelor of Arts from Bryn Mawr College in the United States in May 1985. She is a chartered financial analyst accredited by The Institute of Chartered Financial Analysts in September 1998 in addition to being licensed under the SFC to act as a responsible officer to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Ms. Ho has also been a senior fellow of the Hong Kong Securities & Investment Institute since September 2014. Ms. Ho is the spouse of Mr. Ip, our chairman and an executive Director.

Ms. Ho also holds the position of director in another company listed on the Stock Exchange, as set out below:

| <b>Company</b>                                       | <b>Principal business during tenure</b>                        | <b>Position</b>                    | <b>Period</b>          |
|--|--|------------------------------------|------------------------|
| Anhui Conch Cement Company Limited (stock code: 914) | Manufacturing, sale and trading of clinker and cement products | Independent non-executive director | 31 May 2022 to present |

**Ms. Khoo Wing Pui Charlotte (邱詠培) (“Ms. Khoo”)**, aged 34, joined our Group in September 2011 and currently serves as our Group Senior Manager and executive director of Altus Capital Limited, a wholly-owned subsidiary of the Company. Ms. Khoo works with our chairman to formulate our overall strategy and drives execution of strategic initiatives regarding industry outreach and business development. She also leads deal origination and oversees the execution of fees generating projects.

Prior to joining our Group, Ms. Khoo worked at KPMG Tax Limited where her last position was as a tax consultant. She obtained a degree of Bachelor of Science (Hons) in Economics from University College London in the United Kingdom in August 2010. Ms. Khoo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. She is licensed to carry out Type 6 (advising on corporate finance) regulated activity as a responsible officer and Type 1 (dealing in securities) regulated activity as a licensed representative under the SFO.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Tam Ho Kei Leo (譚浩基) (“Mr. Tam”)**, aged 38, joined our Group in October 2014 and currently serves as an executive director of Altus Capital Limited, a wholly-owned subsidiary of the Company. He was also appointed as the company secretary of the Company with effect from 27 March 2023. Mr. Tam provides support to our chairman on the implementation of our Japan real estate investment strategy and talent cultivation matters. He also leads project origination and oversees the execution work of transaction teams on fees generating projects. In May 2007, he obtained a degree of Bachelor of Commerce in Accounting and International Business from The University British Columbia in Canada. From September 2007 to April 2014, he worked at Ernst & Young where his last position was an audit manager. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He is licensed to carry out Type 6 (advising on corporate finance) regulated activity as a responsible officer and Type 1 (dealing in securities) regulated activity as a licensed representative under the SFO.

**Ms. Sung Yuen Na (宋婉娜) (“Ms. Sung”)**, aged 44, joined us in April 2023 as a financial controller. Ms. Sung is responsible for overseeing the finance and accounting functions and support our company secretary on company secretarial matters of the Group. Ms. Sung obtained a degree of Master of Science in Finance from The Chinese University of Hong Kong in November 2018 and is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Prior to joining our Group, Ms. Sung served as the Head of Finance for SFC licensed corporations under a foreign bank for three years and had around 12 years of experience in auditing, accounting and corporate governance.

### COMPANY SECRETARY

**Mr. Tam (譚浩基)** is our company secretary. For details of their background, please refer to the paragraph headed “Senior Management” above.

### COMPLIANCE OFFICER

**Ms. Leung (梁緯然)** was appointed as the compliance officer (pursuant to Rule 5.19 of the GEM Listing Rules) of our Company on 8 April 2016. Please refer to the paragraph headed “Executive Directors” above for details about Ms. Leung’s qualifications and experience.

### AUTHORISED REPRESENTATIVES

Mr. Ip and Mr. Chang are the authorised representatives of our Company for the purpose of the GEM Listing Rules. Please refer to the paragraphs headed “Executive Directors” above for details about Mr. Ip’s and Mr. Chang’s qualifications and experience.

## DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Company and the Group for FY2023.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of corporate finance and other consultancy services and proprietary investments. Details of the principal activities of its subsidiaries are set out in note 34 to the audited consolidated financial statements. There were no significant changes in the nature of the principal activities of the Group during FY2023.

### PRINCIPAL PLACE OF BUSINESS

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business is 21 Wing Wo Street, Central, Hong Kong.

### BUSINESS REVIEW

Discussion and analysis of the business of the Group, outlook of the business and the analysis of the performance of the Group for FY2023, important events affecting the Group, principal risks and uncertainties and environmental policy and performance of the Group can be found out in the sections headed "Chairman's statement" and "Operation review and financial review" of this Annual Report.

### RESULTS AND DIVIDEND

The results of the Group for FY2023 are set out in the section headed "Consolidated statement of profit or loss and other comprehensive income" of this Annual Report.

The Board does not recommend the payment of a final dividend for FY2023 (FY2022: nil).

### ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM will be held at 9:30 a.m. on Tuesday, 8 August 2023. The register of members of the Company will be closed from Wednesday, 2 August 2023 to Tuesday, 8 August 2023 (the "Closure Period"), both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM. During this Closure Period, no transfer of the shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all duly completed transfer forms, accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 1 August 2023.



## DIRECTORS' REPORT

### KEY RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

The Group maintains a good relationship with customers, suppliers and employees. If there is any complaint from customers and suppliers, it will be reported to the management. The Group also ensures that all remuneration of employees are regularly reviewed.

### SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the last five years is set out in the section headed "Financial highlights" of this Annual Report.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during FY2023 are set out in note 18 to the audited consolidated financial statements of this Annual Report.

### PROPERTIES

Particulars of properties held by the Group as at 31 March 2023 are set out on pages 132 to 134.

### INVESTMENT PROPERTIES

The investment properties were revalued at 31 March 2023 and a fair value change of approximately HK\$3.9 million has been credited to the consolidated statement of profit or loss and other comprehensive income.

Details of the movements during the year in the investment properties of the Group are set out in note 19 to the audited consolidated financial statements of this Annual Report.

### SHARE CAPITAL

Details of the movements in the share capital of the Company for FY2023 are set out in note 28 to the audited consolidated financial statements of this Annual Report.

### RESERVES

Details of the movements in the reserves of the Company are set out in note 33 to the audited consolidated financial statements of this Annual Report.

## DIRECTORS' REPORT

### DISTRIBUTABLE RESERVES

As at 31 March 2023, the distributable reserves of the Company amounted to HK\$92.5 million (2022: HK\$93.3 million).

### PURCHASE, SALES OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

During FY2023, 120,000 ordinary shares repurchased in FY2022 had been cancelled on 27 June 2022.

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.

### DIRECTORS

The Directors during the Relevant Period were:

*Executive Directors*

Mr. Arnold Ip Tin Chee (*Chairman*)

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

## DIRECTORS' REPORT

According to Article 84 of the Articles, one-third of the Directors for the time being (or, if the number of Directors is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an AGM at least once every three years. Any Director appointed to fill a casual vacancy shall, subject to Article 83, hold office only until the next following general meeting of the Company and such Director shall then be eligible for re-election at the relevant general meeting by the Shareholders. In the upcoming AGM, two independent non-executive Directors, namely Mr. Chao Tien Yo and Mr. Lee Shu Yin, will retire by rotation and be subject to re-election at the AGM.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules.

### DIRECTORS' AND SENIOR MANAGEMENT MEMBERS' BIOGRAPHIES

Biographical details of the Directors and the senior management members of the Group are set out in the section headed "Biographical details of directors and senior management" of this Annual Report.

### DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, being Mr. Arnold Ip Tin Chee, Mr. Chang Sean Pey and Ms. Leung Churk Yin Jeanny, entered into a service agreement with the Company on 26 September 2016 for an initial term of three years commencing from the Listing Date which shall continue thereafter. Either party may terminate the service agreement by giving to the other not less than three months' prior notice in writing at any time during the initial term and thereafter.

Each of the independent non-executive Directors, being Mr. Chao Tien Yo, Mr. Chan Sun Kwong and Mr. Lee Shu Yin, entered into a letter of appointment with the Company on 26 September 2016 for a term of three years commencing from the Listing Date which shall continue thereafter and may terminate their letter of appointment by giving a minimum of three months' notice in writing to the Company.

None of the Directors who are proposed for re-election at the AGM has an unexpired service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### PERMITTED INDEMNITY PROVISION

According to Article 164 of the Articles, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors during FY2023 and such permitted indemnity provision for the benefits of the Directors is currently in force.

## DIRECTORS' REPORT

### CONTRACTS OF SIGNIFICANCE

Save as those disclosed in note 32 to the audited consolidated financial statement, there was no transaction, arrangement or contract of significance in relation to the business of the Group to which any member of the Group was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, during FY2023.

Save as those disclosed in note 32 to the audited consolidated financial statement, there was no contract of significance between the Company, or any of its subsidiaries, and a controlling Shareholder or any of its subsidiaries during FY2023.

Save as those disclosed in note 32 to the audited consolidated financial statement, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries during FY2023.

### CONTRACTUAL ARRANGEMENT

Saved for the property “Rakuyukan 36”, the Group has adopted tokumei kumiai structure (the “TK Structure”) for its investments in Japan’s properties.

A TK Arrangement is a contractual arrangement defined in the Commercial Code of Japan. As disclosed under the paragraph headed “Common Japanese real estate investment structures for foreigners” in the section headed “Regulatory overview” of the prospectus of the Company dated 30 September 2016 (the “Prospectus”), the TK Structure is one of the typical investment structures adopted by foreign investors when investing in Japan, utilised primarily for (i) tax benefits; (ii) non-recourse financing advantage; (iii) control over acquisition and disposal of properties; and (iv) limited legal liability.

For further details of the TK Arrangement, please refer to the section headed “Our TK Arrangements” of the Prospectus.

### EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group had 15 staff (31 March 2022: 20). 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.

### DIRECTORS’ REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS AND REMUNERATION POLICY

Details of the Directors’ remuneration and five highest paid individuals of the Group are set out in note 15 to the audited consolidated financial statements. The remuneration policy of the Company can be found in the above section headed “Employees and remuneration policy” in this Annual Report. The Remuneration Committee has reviewed the overall remuneration policy and structure relating to all Directors and senior management members of the Group with reference to the operating results and individual performance of the Group.

## DIRECTORS' REPORT

### MANAGEMENT CONTRACTS

During FY2023 and up to the date of this Annual Report, other than the service contracts of the Directors, the Company did not enter into or have any management and administrative contracts in respect of the whole or any substantial part of the principal businesses of the Company.

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

As at 31 March 2023, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 into 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 interest | Number of shares interested <sup>(Note 2)</sup> | Approximate percentage of the total issued share capital of the Company (%) |
|----------------------------|---------------------------------|---|---|
| Mr. Ip <sup>(Note 1)</sup> | Beneficiary of a trust          | 557,200,000 (L)                                 | 68.58   |
|                            | Beneficial owner                | 1,250,000 (L)                                   | 0.15  |
|                            | Interest of a spouse            | 1,250,000 (L)                                   | 0.15  |
| Mr. Chang                  | Beneficial owner                | 22,400,000 (L)                                  | 2.76  |
| Ms. Leung                  | Beneficial owner                | 9,400,000 (L)                                   | 1.16  |

#### Notes:

1. KHHL is deemed to be interested in 557,200,000 shares of the Company in long position through its wholly-owned subsidiary, Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan Kit Lai, Cecilia ("Ms. Chan") and as to 80.0% by Landmark Trust Switzerland SA ("the Trustee") on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Lam Ip Tin Wai Chyvette ("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, 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.



## DIRECTORS' REPORT

### Interests in associated corporations of the Company:

| Name      | Name of associated corporation                    | Capacity and nature of interest | Number of shares interested <sup>(Note 1)</sup> | Approximate percentage of shareholding (%) |
|-----------|---|---------------------------------|---|--|
| Mr. Ip    | KHHL <sup>(Note 2)</sup>                          | Beneficiary of a trust          | 204 (L)   | 80.0                                       |
|           | I Corporation <sup>(Note 3)</sup>                 | Interest of spouse              | 14 (L)  | 20.0                                       |
| Ms. Leung | Residence Motoki Investment Limited (“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% by Ms. Chan and as to 80% by the Trustee on behalf of The Heecico 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 31 March 2023, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## DIRECTORS' REPORT

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

As at 31 March 2023, substantial shareholders (not being the Directors or chief executives of the Company) had interests 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 <sup>(Note 1)</sup>   | Approximate percentage of the total issued share capital of the Company (%) |
|---|--|---|---|
| Flying Castle Limited <sup>(Note 2)</sup> | Beneficial owner   | 557,200,000 (L)                                   | 68.58   |
| KHHL <sup>(Note 2)</sup>                  | Interest in a controlled corporation                             | 557,200,000 (L)                                   | 68.58   |
| The Trustee <sup>(Note 2)</sup>           | Trustee  | 557,200,000 (L)                                   | 68.58   |
| Ms. Chan <sup>(Note 2)</sup>              | Founder of a discretionary trust<br>Beneficial owner             | 557,200,000 (L)<br>1,250,000 (L)                  | 68.58<br>0.15   |
| Mr. Ip <sup>(Note 2)</sup>                | Beneficiary of a trust<br>Beneficial owner<br>Interest of spouse | 557,200,000 (L)<br>1,250,000 (L)<br>1,250,000 (L) | 68.58<br>0.15<br>0.15   |
| Ms. Ip <sup>(Note 2)</sup>                | Beneficiary of a trust<br>Beneficial owner                       | 557,200,000 (L)<br>1,250,000 (L)                  | 68.58<br>0.15   |
| Ms. Ho <sup>(Note 3)</sup>                | Interest of spouse<br>Beneficial owner                           | 558,450,000 (L)<br>1,250,000 (L)                  | 68.73<br>0.15   |
| Yuanta Asia Investment Limited            | Beneficial owner   | 44,250,000 (L)                                    | 5.45  |

#### Notes:

- The letter "L" denotes a long position in the shares of the Company.
- 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.
- 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 interested or deemed to be interested.

## DIRECTORS' REPORT

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

| Name of shareholder | Name of member of the Group            | Capacity and nature of interest     | Number of shares interested <sup>(Note)</sup> | Percentage of shareholding (%) |
|---------------------|--|-------------------------------------|---|--------------------------------|
| Ms. Ho              | I Corporation                          | Beneficial owner                    | 14 (L)  | 20.0                           |
| Mr. Henry Shih      | Smart Tact Property Investment Limited | Beneficial owner                    | 922 (L)                                       | 10.0                           |
|                     | Residence                              | Beneficial owner                    | 600 (L)                                       | 10.0                           |
|                     | Lynton Gate Limited                    | Beneficial owner                    | 1 (L)   | 10.0                           |
|                     | EXE Rise Shimodori Investor Limited    | 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 31 March 2023, had or deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

### SHARE OPTION SCHEME

The purpose of the share option scheme approved and adopted by the Company through shareholder resolution passed on 26 September 2016 is for the Group to attract, retain and motivate talented persons to strive for future developments and expansion of the Group. The share option scheme will expire on 26 September 2026.

Unless otherwise cancelled or amended, the Board shall be entitled at any time within the period of 10 years from the date of adoption of the share option scheme to make an offer to (i) any executive or non-executive Director including any independent non-executive Director or any employee (whether full-time or part-time) of any member of the Group; (ii) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group; (iii) any adviser or consultant (in the areas of legal, technical, financial or corporate management) to the Group; (iv) any provider of goods and/or services to the Group; and (v) any other person who the Board considers, in its sole discretion, has contributed to the Group to take up options (together, the "Participants").

## DIRECTORS' REPORT

The total number of shares which may be issued upon exercise of all options to be granted under the share option scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the Listing Date, being 80,000,000 shares, representing 10% of the total issued share capital as at the Listing Date, (or such numbers of shares as shall result from a subdivision or a consolidation of such 80,000,000 shares from time to time). Subject to Shareholders' approval in general meeting, the Board may (i) refresh this limit at any time to 10% of the shares in issue as at the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the 10% limit to Participants specially approved by the Shareholders in general meeting and the Participants are specifically identified by the Company before such approval is sought.

The total number of shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options to a Participant in excess of the 1% limit shall be subject to approval by Shareholders in general meeting with such Participant and his or her close associates (or his or her associates if such Participant is a connected person) abstaining from voting. The total number of shares issued and to be issued upon exercise of the option granted to a substantial shareholder or an independent non-executive Director shall not exceed 0.1% of total issued share capital and HK\$5 million.

Offer of an option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the option duly signed by the grantee together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company within 28 days from the date of the offer.

The subscription price for the shares under the share option scheme shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share.

During FY2023, no share options were granted by the Company and there was no share option outstanding under the share option scheme as at 31 March 2023.

## DIRECTORS' REPORT

### SHARE AWARDS

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

| Date of deeds 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 31 March 2023 |
|---------------------------------|---|-------|---|--|---------------------------------|----------------------|---|
|                                 |   |       |   | Vested and issued, and lapsed as at 1 April 2022 | Vested and issued during FY2023 | Lapsed during FY2023 |   |
| 26 June 2020                    | Two executive directors of a wholly-owned subsidiary of the Group; and ten employees of the Group who are independent third parties     | 1, 2  | 2,540,000<br>(the "2020 Connected Grant")<br>1,290,000<br>(the "2020 Selected Employees Grant") | 780,000<br>1,290,000                             | 1,760,000<br>-                  | -<br>-               | -<br>-                                      |
| 4 January 2021 and 29 June 2021 | Two executive directors of a wholly-owned subsidiary of the Group; and sixteen employees of the Group who are independent third parties | 1, 3  | 1,440,000<br>(the "2021 Connected Grant")<br>2,490,000<br>(the "2021 Selected Employees Grant") | 540,000<br>1,530,000                             | 900,000<br>560,000              | -<br>400,000         | -<br>-                                      |
| 4 January 2022 and 30 June 2022 | Two executive directors of a wholly-owned subsidiary of the Group; and eleven employees of the Group who are independent third parties  | 1, 4  | 1,920,000<br>(the "2022 Connected Grant")<br>3,820,000<br>(the "2022 Selected Employees Grant") | -<br>-   | 960,000<br>1,600,000            | -<br>1,100,000       | 960,000<br>1,120,000                        |
|                                 |   |       | 13,500,000  | 4,140,000  | 5,780,000                       | 1,500,000            | 2,080,000                                   |

#### 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 2020 Connected Grant and 2020 Selected Employees Grant (collectively referred to "2020 Share Awards") were set out in the circular of the Company dated 23 July 2020. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 7 August 2020.
- Details of the 2021 Connected Grant and 2021 Selected Employees Grant (collectively referred to "2021 Share Awards") were set out in the circular of the Company dated 22 July 2021. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 6 August 2021.
- Details of the 2022 Connected Grant and 2022 Selected Employees Grant (collectively referred to "2022 Share Awards") were set out in the circular of the Company dated 22 July 2022. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2022.



## DIRECTORS' REPORT

On 5 January 2023, the Board has resolved, to award conditionally an aggregate of 240,000 new shares of the Company to two grantees. All the grantees are employees of the Group and are independent third parties. On 13 January 2023, the Company further announced that the aforesaid share awards would be subject to the adoption of a new share scheme at an extraordinary general meeting of the Company to be held in August 2023. A further announcement containing details of the proposed new share scheme will be made by the Company, and a circular containing, amongst other things, details of the new share scheme and the notice of extraordinary general meeting will be despatched to the shareholders of the Company in due course.

### EQUITY-LINKED AGREEMENTS

Save as “Share option scheme” and “Share awards” disclosed above, no equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during FY2023.

### CONNECTED TRANSACTIONS

The Company has complied with disclosure requirements, to the extent they are not waived by the Stock Exchange, in accordance with Chapter 20 of the GEM Listing Rules with respect to the connected transactions entered into by the Group during FY2023.

A summary of the related party transactions entered into by the Group during FY2023 is contained in note 32 to the audited consolidated financial statements in this Annual Report. The transactions summarised in such note do not fall under the definition of “connected transactions” or “continuing connected transactions” under Chapter 20 of the GEM Listing Rules.

### COMPETING INTERESTS

Save as disclosed in the section headed “Deed of non-competition” below and the Prospectus, none of the Directors, substantial shareholders 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 during FY2023 and the Relevant Period.

### DEED OF NON-COMPETITION

On 26 September 2016, each of the controlling shareholders of the Company (the “**Controlling Shareholders**”), namely KHHL, Ms. Chan, Mr. Ip and Ms. Ip had entered into a deed of non-competition (the “**Deed of Non-Competition**”) in favour of the Company (for itself and as trustee for each of its subsidiaries), pursuant to which the Controlling Shareholders had jointly and severally, irrevocably and unconditionally undertaken to and covenanted with the Company that during the continuation of the Deed of Non-Competition he/she/it would not, and would procure that his/her/its close associates (other than any member of the Group) would not, whether on his/her/its own account or in conjunction with or on behalf of any person, firm or company, whether directly or indirectly, carry on a business, or be interested or involved or engaged in or acquire or hold any right or interest, or otherwise involved in (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise and whether for profit, reward or otherwise) any business, which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged in by the Group (including but not limited to (i) the provision of corporate finance services, and (ii) property investment activities in Japan, Hong Kong and any other country or jurisdiction). Further details of the Deed of Non-Competition are set out in the section headed “Relationship with our Controlling Shareholders” of the Prospectus.

The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the abovementioned Deed of Non-Competition have been complied with by the Controlling Shareholders up to the date of this Annual Report.

## DIRECTORS' REPORT

### 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%.

### MAJOR CUSTOMERS

The top five customers of the Group for FY2023 were corporate finance and other consultancy services clients and they in aggregate accounted for approximately HK\$4.9 million (FY2022: approximately HK\$7.3 million), representing approximately 10.3% (FY2022: approximately 13.1%) of the total revenue of the Group. The largest customer of the Group for FY2023 accounted for approximately HK\$2.0 million or 4.2% of total revenue.

As at the date of this Annual Report, as far as the Company is aware, none of the Directors, their close associates or any Shareholder, owning more than 5.0% of the share capital of the Company, had any interest in the customers of the Group as mentioned above.

### NO CHANGE OF AUDITORS

There is no change in auditors of the Group for the preceding three years.

### MAJOR TENANTS AND SUPPLIERS

The Group leases units of its properties to individuals and corporations in Japan and Hong Kong. The property portfolio of the Group accounts for an insignificant share of the overall Japanese real estate market. During FY2023, the Group leased an office unit in Hong Kong to one independent third party under a lease agreement. During FY2023, the aggregate rental revenue received from this party accounted for approximately 3.0% of total revenue (FY2022: 2.7%).

The Group engages property and asset managers to assist with the management and maintenance of its properties in Japan. In this regard, the suppliers are all based in Japan. During FY2023, services obtained from the largest supplier and the five largest suppliers of the Group accounted for approximately 6.0% and 14.1% of property expenses respectively, as compared with approximately 8.0% and 16.1% for FY2022.

As at the date of this Annual Report, so far as the Company is aware, none of the Directors, their close associates or any Shareholder, owning more than 5% of the share capital of the Company, had any interest in the tenants and suppliers of the Group as mentioned above.

## DIRECTORS' REPORT

### DONATIONS

During FY2023, nil donation (FY2022: nil) was made by the Group.

### EVENT AFTER THE REPORTING PERIOD

On 4 April 2023, the Group completed the acquisition (through Starich Resources Limited, a wholly-owned subsidiary of the Company) an investment property namely Base 1st (the “**Property**”) for rental income and/or capital appreciation purposes at the consideration of JPY190.0 million. The Property is a five-storey building with total floor area of approximately 442.4 square metres, comprising 19 residential units and two car parking units for residential use. The Property was built in 2020 and is located at 1 Chome-10-21, Shimoarata, Kagoshima City, Kagoshima Prefecture, Japan. Details of the Property were disclosed in the Company’s announcements dated 2 March 2023 and 4 April 2023.

### 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 Annual Report, the Company has maintained the public float as required under GEM Listing Rules since the Listing Date.

### PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

### ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

A separate environmental, social and governance report is published on the Stock Exchange’s website and the Company’s website upon the publication of this annual report.

### AUDITOR

The consolidated financial statements for FY2023 has been audited by SHINEWING (HK) CPA LIMITED. SHINEWING (HK) CPA LIMITED will retire and being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming AGM.

Since the incorporation of the Company up to the date of this Annual Report, there has been no change in auditor of the Company.

By order of the Board

**Arnold IP Tin Chee**

*Chairman and Executive Director*

Hong Kong, 20 June 2023

# INDEPENDENT AUDITOR'S REPORT



SHINEWING (HK) CPA Limited  
17/F, Chubb Tower, Windsor House,  
311 Gloucester Road,  
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司  
香港銅鑼灣告士打道311號  
皇室大廈安達人壽大樓17樓

## TO THE SHAREHOLDERS OF ALTUS HOLDINGS LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Altus Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) set out on pages 52 to 131, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

## Valuation of investment properties

Refer to note 19 to the consolidated financial statements and the accounting policies on page 66.

### The key audit matter

The directors of the Company have estimated the fair value of the Group's investment properties amounted to approximately HK\$547,567,000 as at 31 March 2023 with a net increase in fair value of investment properties of approximately HK\$3,891,000 recorded in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2023. Independent external valuations were obtained in respect of the entire portfolio in order to support management's estimates.

We consider valuation of investment properties as a key audit matter because of its significance to the consolidated financial statements and the valuations are dependent on certain key assumptions that require significant judgment including capitalisation rates and recent market transactions.

### How the matter was addressed in our audit

Our audit procedures in relation to the valuation of investments properties were designed to challenge the valuation process, including the reasonableness of the selection of valuation methodologies used and the appropriateness of the key assumptions and estimates adopted in the valuation models based on our knowledge of the property industry in Hong Kong and Japan.

For valuation of investment properties located in Japan, we have challenged the reasonableness of the methodologies and key assumptions used in the valuation models, including rents, occupancy rates and capitalisation rates, based on historical rates and other available market data, taking into account the expected future changes in economic and social conditions.

For valuation of investment property located in Hong Kong, we have also challenged the reasonableness of the methodologies and key assumptions such as comparable market transaction prices used in the valuation models based on publicly available market data.

We have also checked, on a sample basis, the accuracy and relevance of the input data used.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## INDEPENDENT AUDITOR'S REPORT

### RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

## INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pang Wai Hang.

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Pang Wai Hang**

Practising Certificate Number: P05044

Hong Kong

20 June 2023

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

|  | NOTES | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--|-------|------------------|------------------|
| Revenue  | 9     | 47,791           | 55,709           |
| Other income   | 11    | 675              | 158              |
| Net increase (decrease) in fair value of investment properties                                       | 19    | 3,891            | (666)            |
| Changes in fair value of derivative financial liabilities  |       | 17               | 49               |
| Property expenses  |       | (10,024)         | (12,429)         |
| Administrative and operating expenses  |       | (22,541)         | (26,571)         |
| Share of results of an associate   |       | 14               | (7)              |
| Finance costs  | 12    | (4,299)          | (4,095)          |
| Profit before tax  |       | 15,524           | 12,148           |
| Income tax expense   | 13    | (4,750)          | (4,168)          |
| Profit for the year  | 14    | 10,774           | 7,980            |
| <b>Other comprehensive expense for the year</b>  |       |                  |                  |
| <i>Items that may be subsequently reclassified to profit or loss:</i>                                |       |                  |                  |
| Exchange differences arising on translation of foreign operations                                    |       | (29,451)         | (32,166)         |
| Share of translation reserve of an associate   |       | (30)             | (1)              |
| <i>Item that will not be reclassified subsequently to profit or loss:</i>                            |       |                  |                  |
| Change in fair value of financial assets at fair value through other comprehensive income ("FVTOCI") |       | (323)            | (142)            |
| Other comprehensive expense for the year   |       | (29,804)         | (32,309)         |
| Total comprehensive expense for the year   |       | (19,030)         | (24,329)         |
| Profit for the year attributable to:   |       |                  |                  |
| Owners of the Company  |       | 9,878            | 6,980            |
| Non-controlling interests  |       | 896              | 1,000            |
|  |       | 10,774           | 7,980            |
| Total comprehensive (expense) income for the year attributable to:                                   |       |                  |                  |
| Owners of the Company  |       | (18,920)         | (24,484)         |
| Non-controlling interests  |       | (110)            | 155              |
|  |       | (19,030)         | (24,329)         |
| Earnings per share based on profit attributable to owners of the Company (HK cent)                   | 17    |                  |                  |
| – Basic  |       | 1.22             | 0.87             |
| – Diluted  |       | 1.22             | 0.86             |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

|   | NOTES | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---|-------|------------------|------------------|
| <b>Non-current assets</b>   |       |                  |                  |
| Property, plant and equipment                                     | 18    | 38,397           | 39,405           |
| Investment properties   | 19    | 547,567          | 579,803          |
| Interest in an associate  | 20    | 395              | 411              |
| Financial assets at fair value through other comprehensive income | 21    | 1,159            | 1,482            |
| Club memberships  |       | 1,702            | 1,716            |
| Deferred tax asset  | 27    | 1,132            | 1,505            |
| Deposit paid for acquisition of investment property               |       | 590              | –                |
| Prepayment  | 22    | 216              | 111              |
|   |       | <b>591,158</b>   | <b>624,433</b>   |
| <b>Current assets</b>   |       |                  |                  |
| Trade and other receivables                                       | 22    | 3,088            | 4,148            |
| Deposits placed in financial institutions                         | 23    | 116              | 1,456            |
| Bank balances and cash  | 23    | 35,658           | 33,203           |
|   |       | <b>38,862</b>    | <b>38,807</b>    |
| <b>Current liabilities</b>  |       |                  |                  |
| Trade and other payables  | 24    | 10,548           | 11,330           |
| Tax payable   |       | 5,729            | 4,538            |
| Secured bank borrowings   | 25    | 59,160           | 60,796           |
|   |       | <b>75,437</b>    | <b>76,664</b>    |
| <b>Net current liabilities</b>                                    |       | <b>(36,575)</b>  | <b>(37,857)</b>  |
| <b>Total assets less current liabilities</b>                      |       | <b>554,583</b>   | <b>586,576</b>   |
| <b>Non-current liabilities</b>                                    |       |                  |                  |
| Secured bank borrowings   | 25    | 102,310          | 115,849          |
| Derivative financial instruments                                  | 26    | 53               | 169              |
| Other payables – tenant deposits – over 1 year                    | 24    | 1,033            | 1,184            |
| Deferred tax liabilities  | 27    | 28,882           | 28,764           |
|   |       | <b>132,278</b>   | <b>145,966</b>   |
|   |       | <b>422,305</b>   | <b>440,610</b>   |
| <b>Capital and reserves</b>                                       |       |                  |                  |
| Share capital   | 28    | 8,125            | 8,068            |
| Reserves  |       | 400,008          | 418,088          |
| <b>Equity attributable to owners of the Company</b>               |       | <b>408,133</b>   | <b>426,156</b>   |
| <b>Non-controlling interests</b>                                  |       | <b>14,172</b>    | <b>14,454</b>    |
|   |       | <b>422,305</b>   | <b>440,610</b>   |

The consolidated financial statements on pages 52 to 131 were approved and authorised for issue by the board of directors on 20 June 2023 and are signed on its behalf by:

**Arnold Ip Tin Chee**  
Director

**Chang Sean Pey**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

|   | Attributable to owners of the Company |                                       |  |   |  |  |   |                              |                              |                   | Non-controlling interests<br>HK\$'000 | Total<br>HK\$'000 |
|---|---------------------------------------|---------------------------------------|--|---|--|--|---|------------------------------|------------------------------|-------------------|---------------------------------------|-------------------|
|   | Share premium<br>(note i)<br>HK\$'000 | Treasury stock<br>HK\$'000            | Other reserve<br>(note ii)<br>HK\$'000 | Investment revaluation<br>reserve<br>HK\$'000 | Shareholder contribution<br>(note iii)<br>HK\$'000 | Share awards reserve<br>(note iv)<br>HK\$'000      | Exchange reserve<br>HK\$'000                  | Retained profits<br>HK\$'000 | Total<br>HK\$'000            |                   |                                       |                   |
|   | Share capital<br>HK\$'000             | Share premium<br>(note i)<br>HK\$'000 | Treasury stock<br>HK\$'000             | Other reserve<br>(note ii)<br>HK\$'000        | Investment revaluation<br>reserve<br>HK\$'000      | Shareholder contribution<br>(note iii)<br>HK\$'000 | Share awards reserve<br>(note iv)<br>HK\$'000 | Exchange reserve<br>HK\$'000 | Retained profits<br>HK\$'000 | Total<br>HK\$'000 |                                       |                   |
| At 1 April 2022   | 8,068                                 | 73,313                                | (22)                                   | 98,819  | (634)  | 11,319   | 322   | (52,195)                     | 287,166                      | 426,156           | 14,454                                | 440,610           |
| Profit for the year   | -                                     | -                                     | -                                      | -   | -  | -  | -   | -                            | 9,878                        | 9,878             | 896                                   | 10,774            |
| Other comprehensive expense for the year                            | -                                     | -                                     | -                                      | -   | -  | -  | -   | -                            | -                            | -                 | -                                     | -                 |
| - Change in fair value of financial assets at FVTOCI                | -                                     | -                                     | -                                      | -   | (323)  | -  | -   | -                            | -                            | (323)             | -                                     | (323)             |
| - Share of translation reserve of an associate                      | -                                     | -                                     | -                                      | -   | -  | -  | -   | (30)                         | -                            | (30)              | -                                     | (30)              |
| - Exchange differences arising on translation of foreign operations | -                                     | -                                     | -                                      | -   | -  | -  | -   | (28,445)                     | -                            | (28,445)          | (1,006)                               | (29,451)          |
|   | -                                     | -                                     | -                                      | -   | (323)  | -  | -   | (28,475)                     | -                            | (28,798)          | (1,006)                               | (29,804)          |
| Total comprehensive (expense) income for the year                   | -                                     | -                                     | -                                      | -   | (323)  | -  | -   | (28,475)                     | 9,878                        | (18,920)          | (110)                                 | (19,030)          |
| Vested shares for share awards (note 35)                            | 58                                    | 1,010                                 | -                                      | -   | -  | -  | (1,068)                                       | -                            | -                            | -                 | -                                     | -                 |
| Share based payment (note 35)                                       | -                                     | -                                     | -                                      | -   | -  | -  | 897   | -                            | -                            | 897               | -                                     | 897               |
| Cancellation of treasury stock (note 28)                            | (1)                                   | (21)                                  | 22                                     | -   | -  | -  | -   | -                            | -                            | -                 | -                                     | -                 |
| Dividends paid to non-controlling shareholders by subsidiaries      | -                                     | -                                     | -                                      | -   | -  | -  | -   | -                            | -                            | -                 | (172)                                 | (172)             |
| At 31 March 2023  | 8,125                                 | 74,302                                | -                                      | 98,819  | (957)  | 11,319   | 151   | (80,670)                     | 297,044                      | 408,133           | 14,172                                | 422,305           |



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

|  | Attributable to owners of the Company |                                       |                            |  |  |  |   |                              |                              |                   |                                       |                   |
|--|---------------------------------------|---------------------------------------|----------------------------|--|--|--|---|------------------------------|------------------------------|-------------------|---------------------------------------|-------------------|
|  | Share capital<br>HK\$'000             | Share premium<br>(note i)<br>HK\$'000 | Treasury stock<br>HK\$'000 | Other reserve<br>(note ii)<br>HK\$'000 | Investment revaluation reserve<br>HK\$'000 | Shareholder contribution<br>(note iii)<br>HK\$'000 | Share awards reserve<br>(note iv)<br>HK\$'000 | Exchange reserve<br>HK\$'000 | Retained profits<br>HK\$'000 | Total<br>HK\$'000 | Non-controlling interests<br>HK\$'000 | Total<br>HK\$'000 |
| At 1 April 2021  | 8,034                                 | 72,431                                | -                          | 98,819                                 | (492)                                      | 11,319   | 210   | (20,873)                     | 280,186                      | 449,634           | 14,529                                | 464,163           |
| Profit for the year  | -                                     | -                                     | -                          | -                                      | -  | -  | -   | -                            | 6,980                        | 6,980             | 1,000                                 | 7,980             |
| Other comprehensive expense for the year   | -                                     | -                                     | -                          | -                                      | -  | -  | -   | -                            | -                            | -                 | -                                     | -                 |
| - Change in fair value of financial assets at fair value through other comprehensive income ("FVTOCI") | -                                     | -                                     | -                          | -                                      | (142)                                      | -  | -   | -                            | -                            | (142)             | -                                     | (142)             |
| - Share of translation reserve of an associate   | -                                     | -                                     | -                          | -                                      | -  | -  | -   | (1)                          | -                            | (1)               | -                                     | (1)               |
| - Exchange differences arising on translation of foreign operations                                    | -                                     | -                                     | -                          | -                                      | -  | -  | -   | (31,321)                     | -                            | (31,321)          | (845)                                 | (32,166)          |
|  | -                                     | -                                     | -                          | -                                      | (142)                                      | -  | -   | (31,322)                     | -                            | (31,464)          | (845)                                 | (32,309)          |
| Total comprehensive (expense) income for the year  | -                                     | -                                     | -                          | -                                      | (142)                                      | -  | -   | (31,322)                     | 6,980                        | (24,484)          | 155                                   | (24,329)          |
| Vested shares for share awards (note 35)   | 45                                    | 1,071                                 | -                          | -                                      | -  | -  | (1,116)                                       | -                            | -                            | -                 | -                                     | -                 |
| Share based payment (note 35)  | -                                     | -                                     | -                          | -                                      | -  | -  | 1,228   | -                            | -                            | 1,228             | -                                     | 1,228             |
| Repurchase of ordinary shares (note 28)  | -                                     | -                                     | (222)                      | -                                      | -  | -  | -   | -                            | -                            | (222)             | -                                     | (222)             |
| Cancellation of treasury stock (note 28)   | (11)                                  | (189)                                 | 200                        | -                                      | -  | -  | -   | -                            | -                            | -                 | -                                     | -                 |
| Dividends paid to non-controlling shareholders by subsidiaries   | -                                     | -                                     | -                          | -                                      | -  | -  | -   | -                            | -                            | -                 | (230)                                 | (230)             |
| At 31 March 2022   | 8,068                                 | 73,313                                | (22)                       | 98,819                                 | (634)                                      | 11,319   | 322   | (52,195)                     | 287,166                      | 426,156           | 14,454                                | 440,610           |

## Notes:

- (i) Share premium represents (i) the difference between the shareholders' contribution and the issued capital; and (ii) 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 Group's ownership interests in existing subsidiaries that do not result in the loss of or obtaining control and they are accounted for as equity transactions.
- (iii) Amounts represent the employee benefits borne by the ultimate holding company, who entered into the option deeds with two executive directors of the Company, as the grantees ("Grantees"), on 4 March 2016. Pursuant to the option deeds, in consideration of HK\$1.00 paid by each Grantee, the ultimate holding company granted share options to the Grantees, which would entitle the Grantees to purchase the Company's share in aggregate of 37,800,000 shares held by the ultimate holding company. The estimated fair value of the options granted on the grant date was approximately HK\$11,319,000. As at 31 March 2020, all share options were exercised.
- (iv) Amounts represent the employee benefits for the purposes of recognising and rewarding their contributions which were borne by the Company, details of which are set out in note 35.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

|  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>                                    |                  |                  |
| Profit before tax  | 15,524           | 12,148           |
| Adjustments for:   |                  |                  |
| Finance costs  | 4,299            | 4,095            |
| Bank interest income   | (89)             | (9)              |
| (Reversal of) impairment loss of trade receivables, net        | (23)             | 16               |
| Depreciation of property, plant and equipment                  | 1,022            | 1,040            |
| Share based payments   | 897              | 1,228            |
| Changes in fair value of derivative financial liabilities      | (17)             | (49)             |
| Share of results of an associate                               | (14)             | 7                |
| Government grants  | (496)            | –                |
| Net (increase) decrease in fair value of investment properties | (3,891)          | 666              |
| Dividend income from financial assets at FVTOCI                | (67)             | (63)             |
| Operating cash flows before movements in working capital       | 17,145           | 19,079           |
| Decrease in trade and other receivables                        | 843              | 1,082            |
| Decrease in trade and other payables                           | (364)            | (157)            |
| <b>CASH GENERATED FROM OPERATIONS</b>                          | <b>17,624</b>    | <b>20,004</b>    |
| Income tax paid  | (717)            | (1,648)          |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                      | <b>16,907</b>    | <b>18,356</b>    |
| <b>INVESTING ACTIVITIES</b>                                    |                  |                  |
| Purchase of investment properties                              | (5,369)          | (667)            |
| Deposit paid for acquisition of investment property            | (579)            | –                |
| Purchase of property, plant and equipment                      | (14)             | (68)             |
| Dividends received from financial assets at FVTOCI             | 67               | 63               |
| Interest received  | 89               | 9                |
| Proceeds from cancellation of club memberships                 | 12               | –                |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                   | <b>(5,794)</b>   | <b>(663)</b>     |

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

|   | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---|------------------|------------------|
| <b>FINANCING ACTIVITIES</b>                             |                  |                  |
| Repayments of borrowings                                | (40,080)         | (49,698)         |
| Interest paid   | (4,027)          | (4,122)          |
| Dividends paid  | (172)            | (230)            |
| New borrowings raised                                   | 35,328           | 36,200           |
| Government grants received                              | 496              | –                |
| Payment on repurchase of own shares                     | –                | (222)            |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>            | <b>(8,455)</b>   | <b>(18,072)</b>  |
| Net increase (decrease) in cash and cash equivalents    | 2,658            | (379)            |
| Cash and cash equivalents at the beginning of the year  | 34,659           | 36,153           |
| Effect of foreign exchange rate changes                 | (1,543)          | (1,115)          |
| <b>Cash and cash equivalents at the end of the year</b> | <b>35,774</b>    | <b>34,659</b>    |
| Analysis of components of cash and cash equivalents:    |                  |                  |
| Deposits placed in financial institutions               | 116              | 1,456            |
| Bank balances and cash                                  | 35,658           | 33,203           |
|   | <b>35,774</b>    | <b>34,659</b>    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 1. GENERAL

Altus Holdings Limited (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 of Hong Kong Limited (the “**Stock Exchange**”) on 17 October 2016. The addresses of the registered office and the principal place of business of the Company are detailed in the section headed “Corporate Information” of the annual report.

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

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

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is same as the functional currency of the Company. Other than those subsidiaries incorporating in Japan, whose functional currency is Japanese Yen (“**JPY**”), the functional currency of the Company and other subsidiaries is HK\$.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

### Going Concern

Notwithstanding that the Group has incurred net current liabilities of approximately HK\$36,575,000 as at 31 March 2023, the consolidated financial statements as at 31 March 2023 have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year after taking into consideration that the Group has unutilised available banking facilities of approximately HK\$60,979,000 as at 31 March 2023.

Accordingly, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2023. The directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements as at 31 March 2023 do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

## 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning 1 April 2022:

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

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

|  |  |
|--|--|
| HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17) | Insurance Contracts <sup>1</sup>   |
| Amendments to HKFRS 16   | Lease Liability in a Sale and Leaseback <sup>2</sup>   |
| Amendments to HKFRS 10 and HKAS 28   | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>   |
| 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 <sup>2</sup> |
| Amendments to HKAS 1   | Non-current Liabilities with Covenants <sup>2</sup>  |
| Amendments to HKAS 1 and HKFRS Practice Statement 2                            | Disclosure of Accounting Policies <sup>1</sup>   |
| Amendments to HKAS 8   | Definition of Accounting Estimates <sup>1</sup>  |
| Amendments to HKAS 12  | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>  |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

### Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020); Amendments to HKAS 1 – Non-current Liabilities with Covenants

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current issued in 2020 (the “**2020 Amendments**”) clarify the requirements for classifying liabilities as current or non-current. Amendments to HKAS 1 Non-current Liabilities with Covenants issued in 2022 (the “**2022 Amendments**”) further clarify the requirements for classification of non-current liabilities with covenants. The amendments specify that if an entity’s right to defer settlement of a liability is subject to the entity complying with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered as settlement of a liability.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) *(Continued)*

#### **New and amendments to HKFRSs issued but not yet effective** *(Continued)*

#### **Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020); Amendments to HKAS 1 – Non-current Liabilities with Covenants** *(Continued)*

The amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

Based on the Group’s outstanding liabilities as at 31 March 2023, the application of the amendments will not result in change in the classification of the Group’s liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair values at the end of each reporting date.

Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The significant accounting policies are set out below.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Basis of consolidation** *(Continued)*

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

### **Investment in an associate**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's investment in an associate is accounted for in the consolidated financial statements using the equity method. Under the equity method, investment in an associate is initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associate is recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which determined using the equity method together with any long-term interest that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of HKAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Specifically, the Group uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the services underlying the particular performance obligation is transferred to customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Revenue from contracts with customers *(Continued)*

A performance obligation represents service (or a bundle of services) that is distinct or a series of distinct services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

Revenue is measured based on the consideration specific in a contract with a customer, excludes amounts collected on behalf of third parties.

The Group recognised revenue from the provision of corporate finance and other consultancy services.

Depending on the nature of the services and the contract terms, revenue from sponsorship services, financial advisory services and other corporate finance services are recognised over time. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

Revenue from compliance advisory services is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on a straight-line basis during the service period, in which the Group bills a fixed amount on a monthly or quarterly basis.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Property, plant and equipment**

Property, plant and equipment including leasehold land and building held for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

### ***Ownership interests in leasehold land and building***

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use asset” in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

### **Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation and are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Taxation** *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolios and concluded that the Group's investment property located in Hong Kong is not held under a business model whose objective is to consume substantially all of the economic benefits embodied in investment properties over time, rather than through sale. Therefore, the directors of the Company have determined that the "sale" presumption set out in the amendments to HKAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment property located in Hong Kong as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal. The Group has recognised deferred tax on changes in fair value of investment properties located in Japan as the Group is subject to Japanese corporate income tax on fair value changes on investment properties located in Japan on disposal.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Taxation** *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Current and deferred taxes are recognised in profit or loss.

### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Club memberships**

Club memberships with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on property, plant and equipment and intangible assets below).

### **Impairment losses on property, plant and equipment and intangible assets**

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

### Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### Cash and cash equivalents

In the consolidated statement of financial position, bank balances and cash comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above.

### Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

### Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group's financial assets are classified, at initial recognition, as subsequently measured at amortised cost and FVTOCI.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

#### **Financial assets at amortised cost (debt instruments)**

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (“ECL”), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the “other income” line item (note 11).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Equity instruments designated as at FVTOCI*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other income' line item in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Impairment of financial assets and other items subject to impairment assessment under HKFRS 9*

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost as well as lease receivables included in trade receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and lease receivables which are included in trade receivables. The ECL on these financial assets are estimated individually based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

##### *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### *Financial assets (Continued)*

#### *Significant increase in credit risk (Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### *Financial assets (Continued)*

##### *Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

##### *Measurement and recognition of expected credit losses*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivables, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### **Financial liabilities and equity instruments**

##### *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial liabilities and equity instruments** *(Continued)*

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship and are included in the 'derivative financial instruments' in the consolidated statement of financial position. The net gain or loss recognised in profit or loss is included in the 'changes in fair value of derivative financial liabilities' line item in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial liabilities and equity instruments** *(Continued)*

##### *Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held for trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### **Share-based payment transactions**

#### **Equity-settled share-based payment transactions**

##### *Share awards granted to employees*

Share awards granted to the employees are the amounts to be expensed as staff costs. The amounts are determined by reference to the fair value of the award shares granted, taking into account all non-vesting conditions associated with the grants. The total expense is recognised over the relevant vesting periods, with a corresponding credit to the share awards reserve under equity. When the awarded shares are allotted and transferred to the awardees upon vesting, the awarded shares vested are debited to share awards reserve and the allotted shares are credited to share capital and share premium.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Fair value measurement**

When measuring fair value except for the Group's share-based payment transactions, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets or liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4 above, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

#### ***Control in the TK Operators***

The Group invests in the certain investment properties located in Japan by entering into TK Agreements as a TK Investor with Japanese limited liability companies known as TK Operators, which are the property holding companies. The relationship between the TK Operators and TK Investors is governed by TK Agreements, whereby the TK Investors provide funds to the TK Operators in return for income derived from the investments properties held by the TK Operators. Under the TK Agreements, profits or losses generated from TK Operators will be returned to the Group periodically. Therefore, the Group is exposed to the substantial of risks and rewards from its agreements with the TK Operators and the underlying property holding business. Besides, the Group exercises its control over the TK Operators by making decisions to direct the relevant activities, e.g. investment decision making (including acquisition and disposal of the properties and financing activities), monitoring of the leasing status and rental return from the properties, etc. Based on the substances of the arrangement and the legal advice, the directors of the Company are of the view that the Group is able to exercise control in the TK Operators during the years ended 31 March 2023 and 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### **Critical judgements in applying accounting policies *(Continued)***

#### ***Going concern and liquidity***

The assessment of the going concern assumptions involves making judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions are set out in note 2.

#### ***Deferred taxation on investment properties***

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment property located in Hong Kong is not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale on the investment property located in Hong Kong is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment property located in Hong Kong as the Group is not subject to any income taxes on disposal of its investment property located in Hong Kong. The Group has recognised deferred tax on changes in fair value of investment properties located in Japan in note 27 as the Group is subject to Japanese corporate income tax on fair value changes on investment properties located in Japan on disposal.

#### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### ***Estimated impairment loss on land and building included in property, plant and equipment***

Property, plant and equipment including leasehold land and building are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

As at 31 March 2023, the carrying values of land and building included in property, plant and equipment were approximately HK\$38,358,000 (2022: HK\$39,342,000). No impairment loss was recognised during the years ended 31 March 2023 and 2022.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### **Key sources of estimation uncertainty** *(Continued)*

#### ***Fair value of investment properties***

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties being recognised in profit or loss. The carrying amount of investment properties measured at fair value at 31 March 2023 was approximately HK\$547,567,000 (2022: HK\$579,803,000). Details of assumptions used are disclosed in note 19.

## 6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the secured bank borrowings disclosed in note 25, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

For the wholly-owned subsidiaries of the Company, Altus Investments Limited ("**Altus Investments**") and Altus Capital Limited ("**Altus Capital**"), they are licensed entities under and regulated by Securities and Futures Commission (the "**SFC**") and are required to comply with certain minimum capital requirements according to the rules of the SFC. The directors of Altus Investments and Altus Capital monitor, on a daily basis, these subsidiaries' liquid capital level to ensure they meet the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules. The minimum liquid capital requirements of Altus Investments and Altus Capital are HK\$3,000,000 and HK\$100,000 respectively or 5% of their own total adjusted liabilities, whichever is higher.

There is no non-compliance of the capital requirements of Altus Investments and Altus Capital imposed by the Securities and Futures (Financial Resources) Rules during the years ended 31 March 2023 and 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 7. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

|  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--|------------------|------------------|
| <b>Financial assets</b>  |                  |                  |
| Financial assets at FVTOCI   | 1,159            | 1,482            |
| Financial assets at amortised cost (including cash and cash equivalents) | 37,550           | 37,019           |
| <b>Financial liabilities</b>   |                  |                  |
| Financial liabilities at amortised cost                                  | 171,194          | 186,682          |
| Derivative financial liabilities   | 53               | 169              |

### b. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade and other receivables, deposits placed in financial institutions, bank balances and cash, trade and other payables, secured bank borrowings and derivative financial instruments. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 7. FINANCIAL INSTRUMENTS *(Continued)*

### b. Financial risk management objectives and policies *(Continued)*

#### *Market risk*

##### *(i) Currency risk*

Apart from certain subsidiaries of the Group which are operated in Japan, whose functional currency are denominated in JPY and not subjected to any currency risk, the Group has certain foreign currency operations, which expose the Group to foreign currency risk. The currency giving rise to this risk is primarily JPY. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

|     | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|-----|------------------|------------------|
| JPY | 6,299            | 3,736            |

#### Sensitivity analysis

The Group is mainly exposed to the currency of JPY.

The following table details the Group's sensitivity to a 10% (2022: 10%) increase and decrease in HK\$ against JPY. The 10% (2022: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% (2022: 10%) change in foreign currency rates.

A positive number below indicates an increase in post-tax profit where HK\$ weakening 10% (2022: 10%) against the relevant currency. For a 10% (2022: 10%) strengthen of HK\$ against the relevant currency, there would be an equal and opposite impact on the post-tax profit, and the balances below would be negative.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 7. FINANCIAL INSTRUMENTS (Continued)

### b. Financial risk management objectives and policies (Continued)

#### Market risk (Continued)

##### (i) Currency risk (Continued)

Sensitivity analysis (Continued)

|                | JPY              |                  |
|----------------|------------------|------------------|
|                | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
| Profit or loss | 630              | 374              |

##### (ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate secured bank borrowings (see note 25), deposits placed in financial institutions (see note 23), bank balances (see note 23) and derivative financial instruments (see note 26). The directors of the Company consider that the exposures of cash flow interest rate risk arising from variable-rate deposits placed in financial institutions, bank balances and derivative financial instruments are insignificant, no sensitivity analysis is prepared.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate secured bank borrowings (see note 25). The directors of the Company do not anticipate any significant interest rate exposure so that no sensitivity analysis is prepared for fair value interest rate risk.

The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposures and will consider hedging significant interest rate exposure should the need arise. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Inter-bank Offered Rate ("HIBOR") arising from the Group's HK\$ denominated bank borrowings and the fluctuation of Tokyo Inter-bank Offered Rate ("TIBOR") arising from the Group's JPY denominated bank borrowings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 7. FINANCIAL INSTRUMENTS *(Continued)*

### b. Financial risk management objectives and policies *(Continued)*

#### *Market risk (Continued)*

##### *(ii) Interest rate risk (Continued)*

###### Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2022: 100 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If the interest rate on variable bank borrowings had been 100 basis points (2022: 100 basis points) higher or lower and all other variables held constant, the Group's post-tax profit for the year ended 31 March 2023 would decrease or increase by approximately HK\$557,000 (2022: HK\$536,000). This is mainly attributable to the Group's exposure to interest rates on its secured bank borrowings.

##### *(iii) Other price risk*

The Group is mainly exposed to equity price risk through its investments in listed equity securities measured at FVTOCI. The directors of the Company manage this exposure by maintaining the investments with appropriate risk level. The management of the Company monitors the price risk and considers hedging the risk exposure should the need arise.

###### Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is remained as 10% with last year considering the stability of the financial market.

As at 31 March 2023 and 2022, if the price of the respective listed equity instruments held had been 10% higher/lower, investment revaluation reserve as at 31 March 2023 would increase/decrease by approximately HK\$101,000 (2022: HK\$117,000) as a result of the changes in fair values of financial assets at FVTOCI.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 7. FINANCIAL INSTRUMENTS *(Continued)*

### b. Financial risk management objectives and policies *(Continued)*

#### *Credit risk*

As at 31 March 2023 and 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from bank balances and cash, trade and other receivables and deposits placed in financial institutions. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the operation management team determines credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

As at 31 March 2023 and 2022, for trade receivables and lease receivables (both included in trade receivables), the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on an individual basis, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit rating agencies.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 7. FINANCIAL INSTRUMENTS *(Continued)*

### b. Financial risk management objectives and policies *(Continued)*

#### *Credit risk (Continued)*

##### *The Group's exposure to credit risk*

In order to minimise credit risk, the management of the Group develops and maintains the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management team uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

| <b>Category</b> | <b>Description</b>  | <b>Basis for recognising ECL</b>   |
|-----------------|---|------------------------------------|
| Performing      | For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1) | 12-month ECL                       |
| Doubtful        | For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)                                | Lifetime ECL – not credit impaired |
| Default         | Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)    | Lifetime ECL – credit impaired     |
| Write-off       | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery  | Amount is written off              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 7. FINANCIAL INSTRUMENTS *(Continued)*

### b. Financial risk management objectives and policies *(Continued)*

#### *Credit risk (Continued)*

##### *The Group's exposure to credit risk (Continued)*

The credit quality of the Group's trade and other receivables are disclosed in the respective notes.

As at 31 March 2023, the Group's concentration of credit risk by geographical locations is in Hong Kong, which accounted for 99% (2022: 98%) of total trade receivables.

As at 31 March 2023, the Group has concentration of credit risk as 43% (2022: 36%) of the total trade receivables was due from the five largest customers of the Group within the advisory and consulting segment. As at 31 March 2023, no trade receivable was due from the Group's largest customer (2022: nil).

None of the Group's financial assets are secured by collateral or other credit enhancements.

#### *Liquidity risk*

As at 31 March 2023, the Group is exposed to liquidity risk as the Group has net current liabilities of approximately HK\$36,575,000 (2022: HK\$37,857,000). In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effect of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. The Group did not breach any of loan covenants during the years ended 31 March 2023 and 2022.

The Group finances its working capital requirements through a combination of funds generated from operations, bank borrowings and banking facilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 7. FINANCIAL INSTRUMENTS *(Continued)*

### b. Financial risk management objectives and policies *(Continued)*

#### *Liquidity risk (Continued)*

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

#### *Liquidity tables*

|   | On demand<br>or within<br>1 year<br>HK\$'000 | More than<br>1 year<br>but less than<br>2 years<br>HK\$'000 | More than<br>2 years<br>but less than<br>5 years<br>HK\$'000 | More than<br>5 years<br>HK\$'000 | Total<br>undiscounted<br>cash flows<br>HK\$'000 | Carrying<br>amount<br>HK\$'000 |
|---|--|---|--|----------------------------------|---|--------------------------------|
| At 31 March 2023                            |  |   |  |                                  |   |                                |
| <b>Non-derivative financial liabilities</b> |  |   |  |                                  |   |                                |
| Trade and other payables                    | 8,691  | 1,033   | –  | –                                | 9,724   | 9,724                          |
| Secured bank borrowings                     | 61,144                                       | 10,942  | 28,672   | 77,455                           | 178,213   | 161,470                        |
|   | 69,835                                       | 11,975  | 28,672   | 77,455                           | 187,937   | 171,194                        |
| <b>Derivatives – net settlement</b>         |  |   |  |                                  |   |                                |
| Interest rate swaps                         | 1  | –   | –  | –                                | 1   | 53                             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 7. FINANCIAL INSTRUMENTS (Continued)

### b. Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

#### Liquidity tables (Continued)

|   | On demand<br>or within<br>1 year<br>HK\$'000 | More than<br>1 year<br>but less than<br>2 years<br>HK\$'000 | More than<br>2 years<br>but less than<br>5 years<br>HK\$'000 | More than<br>5 years<br>HK\$'000 | Total<br>undiscounted<br>cash flows<br>HK\$'000 | Carrying<br>amount<br>HK\$'000 |
|---|--|---|--|----------------------------------|---|--------------------------------|
| <b>At 31 March 2022</b>                     |  |   |  |                                  |   |                                |
| <b>Non-derivative financial liabilities</b> |  |   |  |                                  |   |                                |
| Trade and other payables                    | 8,853  | 1,184   | –  | –                                | 10,037  | 10,037                         |
| Secured bank borrowings                     | 63,087                                       | 11,831  | 32,786   | 89,038                           | 196,742   | 176,645                        |
|   | 71,940                                       | 13,015  | 32,786   | 89,038                           | 206,779   | 186,682                        |
| <b>Derivatives – net settlement</b>         |  |   |  |                                  |   |                                |
| Interest rate swaps                         | 4  | 4   | 12   | 3                                | 23  | 169                            |

Secured bank borrowings with a repayment on demand clause are included in the “on demand or within 1 year” time band in the above maturity analysis. As at 31 March 2023, the aggregate undiscounted principal amounts of these secured bank borrowings amounted to approximately HK\$50,021,000 (2022: HK\$51,047,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such secured bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK\$61,450,000 (2022: HK\$54,998,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 8. FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis**

The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

|                                   | Fair value as at          |                           | Fair value hierarchy | Valuation technique and key inputs  | Significant unobservable inputs |
|-----------------------------------|---------------------------|---------------------------|----------------------|---|---------------------------------|
|                                   | 31 March 2023<br>HK\$'000 | 31 March 2022<br>HK\$'000 |                      |   |                                 |
| <b>Financial assets at FVTOCI</b> |                           |                           |                      |   |                                 |
| Listed equity securities          | 1,011                     | 1,173                     | Level 1              | Quoted bid prices in active market  | N/A                             |
| Unlisted equity investment (note) | 148                       | 309                       | Level 3              | By reference to the capitalised income/profit derived from existing operation | Income/profit                   |

Note: The higher the unobservable inputs (i.e. income/profit) of the existing business, the higher the fair value of the financial asset.

|                                       |    |     |         |  |                   |
|---------------------------------------|----|-----|---------|--|-------------------|
| <b>Financial liabilities at FVTPL</b> |    |     |         |  |                   |
| Derivative financial liabilities      | 53 | 169 | Level 2 | Quoted from banks using discounted cash flows with observable forward interest rates from the market | Future cash flows |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 8. FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

#### Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Reconciliation of level 3 fair value measurement of unlisted equity investment on recurring basis:

|                                   | HK\$'000 |
|-----------------------------------|----------|
| At 1 April 2021                   | 435      |
| Decrease in fair value            | (126)    |
| At 31 March 2022 and 1 April 2022 | 309      |
| Decrease in fair value            | (161)    |
| At 31 March 2023                  | 148      |

During the year ended 31 March 2023, the decrease in fair value recognised in other comprehensive income of approximately HK\$161,000 (2022: decrease in fair value of approximately HK\$126,000) are included in change in fair value of financial assets at FVTOCI.

There were no transfers between levels of fair value hierarchy during the years ended 31 March 2023 and 2022.

The directors of the Company consider that the carrying amounts of other current financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate to their corresponding fair values due to short-term maturities. The carrying amounts of non-current liabilities recorded at amortised cost in the consolidated financial statements approximate to their corresponding fair value due to the applicable interest rate are based on prevailing market interest rates or current interest rates offered for similar financial instruments appropriate for the remaining term to maturity. The carrying amounts of such financial instruments are not materially different from their fair values.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 9. REVENUE

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

|   | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---|------------------|------------------|
| Revenue from contracts with customers within the scope of HKFRS 15<br>Corporate finance and other consultancy services income (note 10) | 16,330           | 19,029           |
| Revenue from other source<br>Rental income for investment properties under operating leases –<br>fixed lease payments (note)            | 31,461           | 36,680           |
|   | <b>47,791</b>    | <b>55,709</b>    |

Revenue generated from provision of corporate finance and other consultancy services during the years ended 31 March 2023 and 2022 are recognised over time.

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

|  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--|------------------|------------------|
| Gross rental income from investment properties   | 31,461           | 36,680           |
| Direct operating expenses incurred for investment properties that generated rental<br>income during the year (included in property expenses) | (10,024)         | (12,429)         |
| Net rental income  | <b>21,437</b>    | <b>24,251</b>    |

#### Transaction price allocated to the remaining performance obligations for contracts with customers

The transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at 31 March 2023 and 2022 and the expected timing of recognition are, as follow:

|                    | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--------------------|------------------|------------------|
| Within one year    | 2,123            | 6,201            |
| More than one year | 75               | 1,400            |
|                    | <b>2,198</b>     | <b>7,601</b>     |

The above amounts represent revenue expected to be recognised in the future from provision of corporate finance and other consultancy services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 10. SEGMENT INFORMATION

Information reported to the chief operating decision maker (the “CODM”), being the directors of the Company, 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 Group’s reportable segments are as follows:

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

### Segment revenues and results

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

For the year ended 31 March 2023

|                                      | Advisory and<br>consulting<br>HK\$'000 | Proprietary<br>investments<br>HK\$'000 | Total<br>HK\$'000 |
|--------------------------------------|--|--|-------------------|
| <b>REVENUE</b>                       |  |  |                   |
| External revenue and segment revenue | 16,330                                 | 31,461                                 | 47,791            |
| <b>RESULT</b>                        |  |  |                   |
| Segment profit                       | 8,912                                  | 21,243                                 | 30,155            |
| Other income and expenses, net       |  |  | (12,738)          |
| Share of results of an associate     |  |  | 14                |
| Finance costs                        |  |  | (1,907)           |
| Profit before tax                    |  |  | 15,524            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 10. SEGMENT INFORMATION *(Continued)*

### Segment revenues and results *(Continued)*

For the year ended 31 March 2022

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 10. SEGMENT INFORMATION *(Continued)*

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

#### *Segment assets*

|                         | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|-------------------------|------------------|------------------|
| Advisory and consulting | 1,623            | 2,294            |
| Proprietary investments | 550,625          | 582,691          |
| Total segment assets    | 552,248          | 584,985          |
| Unallocated             | 77,772           | 78,255           |
| Total assets            | 630,020          | 663,240          |

#### *Segment liabilities*

|                           | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---------------------------|------------------|------------------|
| Advisory and consulting   | 545              | 286              |
| Proprietary investments   | 121,610          | 136,802          |
| Total segment liabilities | 122,155          | 137,088          |
| Unallocated               | 85,560           | 85,542           |
| Total liabilities         | 207,715          | 222,630          |

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, deferred tax asset, unlisted equity investment at FVTOCI, club memberships, certain other receivables, interest in an associate, deposits placed in financial institutions, bank balances and cash and other corporate assets; and
- all liabilities are allocated to operating segments other than certain other payables, tax payable, certain secured bank borrowings, derivative financial instruments, deferred tax liabilities and other corporate liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 10. SEGMENT INFORMATION (Continued)

### Other segment information

|  | Advisory and consulting |         | Proprietary investments |         | Unallocated |         | Total   |         |
|--|-------------------------|---------|-------------------------|---------|-------------|---------|---------|---------|
|  | 2023                    | 2022    | 2023                    | 2022    | 2023        | 2022    | 2023    | 2022    |
|  | HKS'000                 | HKS'000 | HKS'000                 | HKS'000 | HKS'000     | HKS'000 | HKS'000 | HKS'000 |
| <b>For the year ended 31 March</b>                                   |                         |         |                         |         |             |         |         |         |
| Amounts included in the measure of segment profit or segment assets: |                         |         |                         |         |             |         |         |         |
| Additions to non-current assets (note)                               | –                       | –       | 5,948                   | 667     | 14          | 68      | 5,962   | 735     |
| Net (increase) decrease in fair value of investment properties       | –                       | –       | (3,891)                 | 666     | –           | –       | (3,891) | 666     |
| Reversal of impairment loss of trade receivables                     | –                       | –       | (23)                    | (86)    | –           | –       | (23)    | (86)    |
| Impairment loss of trade receivables                                 | –                       | 102     | –                       | –       | –           | –       | –       | 102     |
| Finance costs  | –                       | –       | 2,392                   | 2,862   | 1,907       | 1,233   | 4,299   | 4,095   |
| Dividend income from financial assets at FVTOCI                      | –                       | –       | (67)                    | (63)    | –           | –       | (67)    | (63)    |

|   | Advisory and consulting |         | Proprietary investments |         | Unallocated |         | Total   |         |
|---|-------------------------|---------|-------------------------|---------|-------------|---------|---------|---------|
|   | 2023                    | 2022    | 2023                    | 2022    | 2023        | 2022    | 2023    | 2022    |
|   | HKS'000                 | HKS'000 | HKS'000                 | HKS'000 | HKS'000     | HKS'000 | HKS'000 | HKS'000 |
| <b>For the year ended 31 March</b>  |                         |         |                         |         |             |         |         |         |
| Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets: |                         |         |                         |         |             |         |         |         |
| Bank interest income  | –                       | –       | –                       | –       | (89)        | (9)     | (89)    | (9)     |
| Changes in fair value of derivative financial liabilities   | –                       | –       | –                       | –       | (17)        | (49)    | (17)    | (49)    |
| Depreciation of property, plant and equipment   | –                       | –       | –                       | –       | 1,022       | 1,040   | 1,022   | 1,040   |
| Share of results of an associate  | –                       | –       | –                       | –       | (14)        | 7       | (14)    | 7       |
| Interest in an associate  | –                       | –       | –                       | –       | 395         | 411     | 395     | 411     |
| Income tax expense  | –                       | –       | –                       | –       | 4,750       | 4,168   | 4,750   | 4,168   |

Note: Non-current assets excluded financial assets at FVTOCI, club memberships, prepayment, deferred tax asset and interest in an associate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 10. SEGMENT INFORMATION *(Continued)*

### Breakdown of revenue by services

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

|                                  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|----------------------------------|------------------|------------------|
| Advisory and consulting          |                  |                  |
| Sponsorship services             | 2,022            | 2,442            |
| Financial advisory services      | 8,340            | 14,424           |
| Compliance advisory services     | 2,361            | 1,181            |
| Other corporate finance services | 3,607            | 982              |
|                                  | <b>16,330</b>    | <b>19,029</b>    |
| Proprietary investments          |                  |                  |
| Rental income                    | 31,461           | 36,680           |
|                                  | <b>47,791</b>    | <b>55,709</b>    |

### 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. Information about the Group's non-current assets, excluding financial assets at FVTOCI, club memberships, deferred tax asset, prepayment and interest in an associate, is presented based on the geographical location of the assets.

|           | Revenue from<br>external customers |                  | Non-current assets |                  |
|-----------|------------------------------------|------------------|--------------------|------------------|
|           | 2023<br>HK\$'000                   | 2022<br>HK\$'000 | 2023<br>HK\$'000   | 2022<br>HK\$'000 |
| Hong Kong | 17,785                             | 20,541           | 111,397            | 113,405          |
| Japan     | 30,006                             | 35,168           | 475,157            | 505,803          |
|           | <b>47,791</b>                      | <b>55,709</b>    | <b>586,554</b>     | <b>619,208</b>   |

During the years ended 31 March 2023 and 2022, there was no single customer contributing over 10% of the Group's total revenue.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 11. OTHER INCOME

|  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--|------------------|------------------|
| Bank interest income                                       | 89               | 9                |
| Dividend income from financial assets at FVTOCI            | 67               | 63               |
| Reversal of impairment loss of trade receivables (note 22) | 23               | 86               |
| Government grants (note)                                   | 496              | –                |
|  | <b>675</b>       | <b>158</b>       |

Note: During the year ended 31 March 2023, the government grants included the amount of HK\$462,000 (2022: nil) related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There are no unfulfilled conditions and other contingencies related to receipts of these grants.

## 12. FINANCE COSTS

|                                      | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--------------------------------------|------------------|------------------|
| Interests on secured bank borrowings | 4,299            | 4,095            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 13. INCOME TAX EXPENSE

|                                | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--------------------------------|------------------|------------------|
| Current tax:                   |                  |                  |
| Japanese Corporate Income Tax  | 284              | 245              |
| Japanese Withholding Tax       | 1,722            | 1,798            |
|                                | <b>2,006</b>     | 2,043            |
| Over provision in prior years: |                  |                  |
| Hong Kong Profits Tax          | (31)             | (58)             |
| Deferred taxation (note 27)    | 2,775            | 2,183            |
|                                | <b>4,750</b>     | 4,168            |

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 subject to Hong Kong Profits Tax for the years ended 31 March 2023 and 2022.

Under the Japan Corporate Income Tax Law, Japanese corporate income tax is calculated at 33.58% of the estimated assessable profits for the years ended 31 March 2023 and 2022. However, for certain Japanese subsidiaries under the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for the years ended 31 March 2023 and 2022.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 13. INCOME TAX EXPENSE *(Continued)*

The income tax expense can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

|  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--|------------------|------------------|
| Profit before tax  | 15,524           | 12,148           |
| Tax at the domestic income tax rates in the respective jurisdictions | 4,934            | 4,172            |
| Tax effect of share of results of an associate                       | (2)              | 1                |
| Tax effect of expenses not deductible for tax purpose                | 610              | 908              |
| Tax effect of income not taxable for tax purpose                     | (107)            | (12)             |
| Over provision in respect of prior years                             | (31)             | (58)             |
| Income tax on concessionary rate                                     | (1,512)          | (1,300)          |
| Tax effect of tax losses not recognised                              | 858              | 467              |
| Effect of tax exemptions granted (note)                              | –                | (10)             |
| Income tax expense   | 4,750            | 4,168            |

Details of deferred taxation are set out in note 27.

Note: A tax concession of 100% (2022: 100%), subject to a ceiling of HK\$6,000 (2022: HK\$10,000) per company, for the Group's subsidiaries subject to Hong Kong Profits Tax for the years ended 31 March 2023 and 2022.

### 14. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

|   | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---|------------------|------------------|
| Staff cost, excluding directors' emoluments (note 15(a)): |                  |                  |
| – Salaries, bonus and other benefits                      | 8,826            | 11,688           |
| – Contributions to retirement benefits scheme             | 246              | 278              |
| – Share based payments – shares awards (note 35)          | 897              | 1,228            |
| Total staff costs excluding directors' emoluments         | 9,969            | 13,194           |
| Auditors' remuneration                                    | 660              | 700              |
| Depreciation of property, plant and equipment             | 1,022            | 1,040            |
| (Reversal of) impairment loss of trade receivables, net   | (23)             | 16               |
| Net exchange loss   | 644              | 946              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### (a) Directors' emoluments

The emoluments paid or payable by the Group to each of the following directors of the Company were as follows:

For the year ended 31 March 2023

|   | Fees<br>HK\$'000 | Salaries,<br>and<br>other benefits<br>HK\$'000 | Discretionary<br>bonus<br>HK\$'000 | Contributions<br>to retirement<br>benefits<br>scheme<br>HK\$'000 | Total<br>HK\$'000 |
|---|------------------|--|------------------------------------|--|-------------------|
| Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings                                 |                  |  |                                    |  |                   |
| <b>Independent non-executive directors:</b>   |                  |  |                                    |  |                   |
| Chao Tien Yo  | 120              | –  | –                                  | –  | 120               |
| Chan Sun Kwong  | 120              | –  | –                                  | –  | 120               |
| Lee Shu Yin   | 120              | –  | –                                  | –  | 120               |
|   | 360              | –  | –                                  | –  | 360               |
| Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings |                  |  |                                    |  |                   |
| <b>Executive directors:</b>   |                  |  |                                    |  |                   |
| Arnold Ip Tin Chee  | –                | 600  | –                                  | 18   | 618               |
| Chang Sean Pey  | –                | 962  | 405                                | 18   | 1,385             |
| Leung Churk Yin Jeanny  | –                | 900  | 405                                | 18   | 1,323             |
|   | –                | 2,462  | 810                                | 54   | 3,326             |
| <b>Total emoluments</b>   | <b>360</b>       | <b>2,462</b>                                   | <b>810</b>                         | <b>54</b>  | <b>3,686</b>      |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

### (a) Directors' emoluments *(Continued)*

For the year ended 31 March 2022

|   | Fees<br>HK\$'000 | Salaries,<br>and<br>other benefits<br>HK\$'000 | Discretionary<br>bonus<br>HK\$'000 | Contributions<br>to retirement<br>benefits<br>scheme<br>HK\$'000 | Total<br>HK\$'000 |
|---|------------------|--|------------------------------------|--|-------------------|
| Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings                                 |                  |  |                                    |  |                   |
| <b>Independent non-executive directors:</b>   |                  |  |                                    |  |                   |
| Chao Tien Yo  | 120              | –  | –                                  | –  | 120               |
| Chan Sun Kwong  | 120              | –  | –                                  | –  | 120               |
| Lee Shu Yin   | 120              | –  | –                                  | –  | 120               |
|   | 360              | –  | –                                  | –  | 360               |
| Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings |                  |  |                                    |  |                   |
| <b>Executive directors:</b>   |                  |  |                                    |  |                   |
| Arnold Ip Tin Chee  | –                | 600  | –                                  | 18   | 618               |
| Chang Sean Pey  | –                | 1,012  | 520                                | 18   | 1,550             |
| Leung Churk Yin Jeanny  | –                | 900  | 520                                | 18   | 1,438             |
|   | –                | 2,512  | 1,040                              | 54   | 3,606             |
| <b>Total emoluments</b>   | <b>360</b>       | <b>2,512</b>                                   | <b>1,040</b>                       | <b>54</b>  | <b>3,966</b>      |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

### (a) Directors' emoluments *(Continued)*

During the years ended 31 March 2023 and 2022, no director has been appointed as chief executive of the Company.

During the years ended 31 March 2023 and 2022, none of the directors of the Company waived or agreed to waive any emoluments.

During the years ended 31 March 2023 and 2022, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

The discretionary bonus is reviewed and approved by remuneration committee having regard to the performance of individuals and the Company's performance and profitability and the prevailing market conditions.

### (b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2022: two) were directors of the Company whose emoluments are included in the note 15(a) above. The emoluments of the remaining three (2022: three) individuals were as follows:

|   | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---|------------------|------------------|
| Salaries and other benefits                 | 2,765            | 4,168            |
| Discretionary bonus                         | 905              | 1,000            |
| Contributions to retirement benefits scheme | 54               | 47               |
| Share based payments                        | 582              | 790              |
|   | 4,306            | 6,005            |

Their emoluments were within the following bands:

|                                | 2023<br>No. of Employees | 2022<br>No. of Employees |
|--------------------------------|--------------------------|--------------------------|
| Nil to HK\$1,000,000           | –                        | –                        |
| HK\$1,000,001 to HK\$1,500,000 | 1                        | –                        |
| HK\$1,500,001 to HK\$2,000,000 | 2                        | 2                        |
| HK\$2,000,001 to HK\$2,500,000 | –                        | 1                        |

During the years ended 31 March 2023 and 2022, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 16. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

## 17. EARNINGS PER SHARE

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

### Earnings

|   | 2023<br>HKD'000 | 2022<br>HKD'000 |
|---|-----------------|-----------------|
| Earnings for the purpose of basic and diluted earnings per share<br>(Profit for the year attributable to owners of the Company) | 9,878           | 6,980           |

### Number of shares

|  | 2023<br>'000 | 2022<br>'000 |
|--|--------------|--------------|
| Weighted average number of ordinary shares for the purpose of<br>basic earnings per share (note) | 808,017      | 804,111      |
| Effect of dilutive potential ordinary shares:<br>Share awards                                    | 4,208        | 5,856        |
| Weighted average number of ordinary shares for the purpose of<br>diluted earnings per share      | 812,225      | 809,967      |

Note: During the year ended 31 March 2022, the Company repurchased in aggregate 1,170,000 ordinary shares on the Stock Exchange, out of which 1,050,000 repurchased shares had been cancelled and the remaining 120,000 repurchased shares were recorded as treasury stock as at 31 March 2022. The total amount paid to repurchase these ordinary shares was approximately HK\$222,000. Details are set out in note 28. During the year ended 31 March 2023, the 120,000 repurchased shares had been cancelled.

During the year ended 31 March 2023, the Company issued 5,780,000 ordinary shares to the relevant employees upon vesting of share awards. Details are set out in note 35.

During the year ended 31 March 2022, the Company issued 4,530,000 ordinary shares to the relevant employees upon vesting of share awards. Details are set out in note 35.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 18. PROPERTY, PLANT AND EQUIPMENT

|                                   | Land and<br>building<br>HK\$'000 | Leasehold<br>improvement<br>HK\$'000 | Furniture,<br>fixtures and<br>equipment<br>HK\$'000 | Total<br>HK\$'000 |
|-----------------------------------|----------------------------------|--------------------------------------|---|-------------------|
| <b>COST</b>                       |                                  |                                      |   |                   |
| At 1 April 2021                   | 49,184                           | 9,261                                | 3,211   | 61,656            |
| Additions                         | –                                | –                                    | 68  | 68                |
| Written off                       | –                                | –                                    | (3)   | (3)               |
| At 31 March 2022 and 1 April 2022 | 49,184                           | 9,261                                | 3,276   | 61,721            |
| Additions                         | –                                | –                                    | 14  | 14                |
| Written off                       | –                                | (93)                                 | –   | (93)              |
| At 31 March 2023                  | <b>49,184</b>                    | <b>9,168</b>                         | <b>3,290</b>  | <b>61,642</b>     |
| <b>ACCUMULATED DEPRECIATION</b>   |                                  |                                      |   |                   |
| At 1 April 2021                   | 8,858                            | 9,261                                | 3,160   | 21,279            |
| Charged for the year              | 984                              | –                                    | 56  | 1,040             |
| Eliminated on written off         | –                                | –                                    | (3)   | (3)               |
| At 31 March 2022 and 1 April 2022 | 9,842                            | 9,261                                | 3,213   | 22,316            |
| Charged for the year              | 984                              | –                                    | 38  | 1,022             |
| Eliminated on written off         | –                                | (93)                                 | –   | (93)              |
| At 31 March 2023                  | <b>10,826</b>                    | <b>9,168</b>                         | <b>3,251</b>  | <b>23,245</b>     |
| <b>CARRYING VALUES</b>            |                                  |                                      |   |                   |
| At 31 March 2023                  | <b>38,358</b>                    | <b>–</b>                             | <b>39</b>   | <b>38,397</b>     |
| At 31 March 2022                  | 39,342                           | –                                    | 63  | 39,405            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

|                                   |   |
|-----------------------------------|---|
| Land and building                 | Over the shorter of term of the lease or 50 years |
| Leasehold improvement             | Over the shorter of term of the lease or 3 years  |
| Furniture, fixtures and equipment | 33%   |

The Group has pledged its land and building with a carrying value of approximately HK\$38,358,000 (2022: HK\$39,342,000) to secure bank borrowings of the Group as at 31 March 2023.

## 19. INVESTMENT PROPERTIES

|   | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---|------------------|------------------|
| Investment properties stated at fair value (note a) | 547,567          | 579,803          |

Note:

### (a) Investment properties stated at fair value

|   | HK\$'000 |
|---|----------|
| At 1 April 2021   | 626,178  |
| Exchange realignment                                    | (46,376) |
| Additions   | 667      |
| Net decrease in fair value recognised in profit or loss | (666)    |
| At 31 March 2022 and 1 April 2022                       | 579,803  |
| Exchange realignment                                    | (41,496) |
| Additions   | 5,369    |
| Net increase in fair value recognised in profit or loss | 3,891    |
| At 31 March 2023  | 547,567  |

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The Group has pledged its investment properties with a carrying value of approximately HK\$519,571,000 (2022: HK\$549,499,000) to secure banking facilities granted to the Group as at 31 March 2023.

For the investment property located in Hong Kong, the fair value of investment property at 31 March 2023 and 2022 has been arrived at on the basis of a valuation carried out by an independent qualified professional valuer, who is the member of The Hong Kong Institution of Surveyors with recent experience in the location and category of the investment property being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions. Details of the valuation techniques and assumptions are discussed below.

For the investment properties located in Japan, the fair value of investment properties at 31 March 2023 and 2022 has been arrived at on the basis of valuations carried out by independent qualified professional valuers, who are the members of Japan Association of Real Estate Appraisers with recent experience in the location and category of the investment properties being valued. The valuations were arrived at by using income approach – discounted cash flow method which involves estimation of income and expenses, taking into account of expected future changes in economic and social conditions. Details of the valuation techniques and assumptions are discussed below.

There has been no change from valuation technique used during the years ended 31 March 2023 and 2022. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 19. INVESTMENT PROPERTIES (Continued)

An analysis of the Group's investment properties that are measured subsequent to initial recognition at fair value, grouped into fair value hierarchy Levels 1 to 3 based on the degree to which the inputs to fair value measurements is observable is as follows:

|                       | Level 1<br>HK\$'000 | Level 2<br>HK\$'000 | Level 3<br>HK\$'000 | Fair value<br>as at<br>31 March 2023<br>HK\$'000 |
|-----------------------|---------------------|---------------------|---------------------|--|
| Investment properties | –                   | 73,000              | 474,567             | 547,567  |

  

|                       | Level 1<br>HK\$'000 | Level 2<br>HK\$'000 | Level 3<br>HK\$'000 | Fair value<br>as at<br>31 March 2022<br>HK\$'000 |
|-----------------------|---------------------|---------------------|---------------------|--|
| Investment properties | –                   | 74,000              | 505,803             | 579,803  |

There were no transfers between levels of fair value hierarchy during both years.

The following table gives information about how the fair values of the investment properties as at 31 March 2023 and 2022 are determined (in particular, the valuation techniques and inputs used):

| Fair value hierarchy                     | Fair value as at 31 March 2023<br>HK\$'000 | Fair value as at 31 March 2022<br>HK\$'000 | Valuation technique and key inputs   | Significant unobservable inputs | Range   | Relationship key inputs and significant unobservable inputs to fair value |
|--|--|--|--|---------------------------------|---|---|
| Investment property located in Hong Kong | Level 2<br>73,000                          | 74,000                                     | Market Comparison approach<br>– 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   |
| Investment properties located in Japan   | Level 3<br>474,567                         | 505,803                                    | Income approach<br>– by reference to capitalised income derived from existing tenancies and the reversionary potential of the properties                                   | Capitalisation rate             | Ranged from 3.4% to 6.0% (2022: 2.9% to 6.4%) | The higher the capitalisation rate, the lower the fair value              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 19. INVESTMENT PROPERTIES *(Continued)*

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

|   | <b>HK\$'000</b> |
|---|-----------------|
| At 1 April 2021   | 550,178         |
| Additions   | 667             |
| Exchange adjustments                                    | (46,376)        |
| Net increase in fair value recognised in profit or loss | 1,334           |
| At 31 March 2022 and 1 April 2022                       | 505,803         |
| Additions   | 5,369           |
| Exchange adjustments                                    | (41,496)        |
| Net increase in fair value recognised in profit or loss | 4,891           |
| At 31 March 2023  | <b>474,567</b>  |

During the year ended 31 March 2023, the net increase in fair value recognised in profit or loss of approximately HK\$4,891,000 (2022: net increase in fair value of HK\$1,334,000) are included in net increase in fair value of investment properties (2022: net decrease in fair value of investment properties). Included in the net increase in fair value is amount of approximately HK\$4,891,000 (2022: net increase in fair value of HK\$1,334,000) that is attributable to the change in unrealised gains or losses relating to investment properties held at the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 20. INTEREST IN AN ASSOCIATE

|  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--|------------------|------------------|
| Cost of investment in an associate, unlisted                     | 356              | 356              |
| Share of post-acquisition profits and other comprehensive income | 39               | 55               |
|  | <b>395</b>       | <b>411</b>       |

As at 31 March 2023 and 2022, the Group had interest in the following immaterial associate:

| Name of entity        | Form of entity | Place of incorporation/operation | Class of shares held | Proportion of nominal value of issued capital and voting right directly held by the Group |                  | Principal activities |
|-----------------------|----------------|----------------------------------|----------------------|---|------------------|----------------------|
|                       |                |                                  |                      | At 31 March 2023  | At 31 March 2022 |                      |
|                       |                |                                  |                      |   |                  |                      |
| KK Ascent Plus (note) | Incorporated   | Japan                            | Ordinary             | 20%   | 20%              | Asset management     |

The associate company provided services to the Group's subsidiaries during the years ended 31 March 2023 and 2022. For the details, please refer to note 32(a).

### 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|   | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---|------------------|------------------|
| Equity instruments designated at FVTOCI |                  |                  |
| – Listed                                | 1,011            | 1,173            |
| – Unlisted                              | 148              | 309              |
| Total                                   | <b>1,159</b>     | <b>1,482</b>     |

The fair value of these investments is disclosed in note 8.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

The above unlisted equity investment represent investment in unlisted equity investment issued by private entities incorporated in Japan. Investments in listed equity securities represent the Group's investment 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 of the Company 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 Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

### 22. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

|  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--|------------------|------------------|
| Receivables at amortised cost comprise:              |                  |                  |
| Trade receivables (note)                             | 1,449            | 2,154            |
| Less: allowances for impairment of trade receivables | (3)              | (131)            |
|  | 1,446            | 2,023            |
| Other receivables and prepayment                     | 1,858            | 2,236            |
|  | 3,304            | 4,259            |

Note: As at 31 March 2023, lease receivables amounting to approximately HK\$16,000 (2022: HK\$60,000) were included in trade receivables. The remaining balances of approximately HK\$1,433,000 (2022: HK\$2,094,000) represented the trade receivables arising from contracts with customers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 22. TRADE AND OTHER RECEIVABLES AND PREPAYMENT *(Continued)*

|                                 | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---------------------------------|------------------|------------------|
| Analysed for reporting purpose: |                  |                  |
| Current portion                 | 3,088            | 4,148            |
| Non-current portion             | 216              | 111              |
|                                 | <b>3,304</b>     | <b>4,259</b>     |

The trade receivables are due upon the issuance of the invoices. The Group does not hold any collateral over these balances. The following is an aged analysis of trade receivables net of allowances for impairment of trade receivables presented based on the invoice date which approximates the respective revenue recognition dates at the end of the reporting period. It also represented the ageing analysis of trade receivables which are past due but not impaired, at the end of the reporting period.

|                                  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|----------------------------------|------------------|------------------|
| Within 30 days                   | 195              | 1,339            |
| More than 30 but within 60 days  | 17               | 361              |
| More than 60 but within 90 days  | 390              | 202              |
| More than 90 but within 180 days | 844              | 121              |
|                                  | <b>1,446</b>     | <b>2,023</b>     |

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

|                                      | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--------------------------------------|------------------|------------------|
| Balance at the beginning of the year | 131              | 186              |
| Impairment loss recognised           | –                | 102              |
| Reversal of impairment loss          | (23)             | (86)             |
| Amounts written off as uncollectible | (102)            | (66)             |
| Exchange realignment                 | (3)              | (5)              |
| Balance at the end of the year       | <b>3</b>         | <b>131</b>       |

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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 22. TRADE AND OTHER RECEIVABLES AND PREPAYMENT *(Continued)*

During the year ended 31 March 2022, certain receivables were considered unrecoverable and in default, approximately HK\$102,000 (2023: nil) of lifetime ECL-credit impaired was recognised. During the year ended 31 March 2023, approximately HK\$23,000 (2022: HK\$86,000) had been recovered with the debtor having settled such amount in cash.

As at 31 March 2023, the allowances for impairment of trade receivables of approximately HK\$3,000 (2022: HK\$131,000) were made for trade receivables that are considered as credit impaired.

As there is no realistic prospect of recovery of the trade receivables of approximately HK\$102,000 (2022: HK\$66,000), the Group has written off such amount of trade receivables during the year ended 31 March 2023.

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

|                   | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|-------------------|------------------|------------------|
| Deposits          | 78               | 78               |
| Prepayments       | 1,528            | 1,899            |
| Other receivables | 252              | 259              |
|                   | <b>1,858</b>     | <b>2,236</b>     |

The ECL on other receivables are estimated individually by reference to past experience of default and their financial position and general economic condition of the industry at the reporting date. The internal credit rating of the other receivables are considered to be performing as at 31 March 2023 and 2022 as there has not been a significant change in the credit risk since initial recognition.

### 23. DEPOSITS PLACED IN FINANCIAL INSTITUTIONS/BANK BALANCES AND CASH

At 31 March 2023 and 2022, the deposits placed in financial institutions and bank balances carried at variable interest rates based on daily bank deposit rates.

Included in deposits placed in financial institutions and bank balances and cash are the following amounts denominated in currencies other than the functional currency of the respective reporting entities of the Group:

|     | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|-----|------------------|------------------|
| JPY | 6,299            | 3,736            |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 24. TRADE AND OTHER PAYABLES

|                                  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|----------------------------------|------------------|------------------|
| Trade payables                   | 114              | 113              |
| Other payables                   | 11,467           | 12,401           |
|                                  | <b>11,581</b>    | <b>12,514</b>    |
| Analysed for reporting purposes: |                  |                  |
| Current portion                  | 10,548           | 11,330           |
| Non-current portion              | 1,033            | 1,184            |
|                                  | <b>11,581</b>    | <b>12,514</b>    |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 25. SECURED BANK BORROWINGS

|  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--|------------------|------------------|
| Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):   |                  |                  |
| On demand or within one year   | 45,093           | 46,505           |
| After one year but within two years  | 9,462            | 10,230           |
| After two years but within five years  | 25,136           | 28,823           |
| After five years   | 81,779           | 91,087           |
|  | <b>161,470</b>   | <b>176,645</b>   |
| 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 | 14,067           | 14,291           |
| Carrying amount repayable on demand or within one year   | 45,093           | 46,505           |
| Amounts shown under current liabilities  | 59,160           | 60,796           |
| Amounts shown under non-current liabilities  | 102,310          | 115,849          |
|  | <b>161,470</b>   | <b>176,645</b>   |

The exposure of the Group's secured bank borrowings to interest rate risk is as follows:

|                          | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--------------------------|------------------|------------------|
| Fixed-rate borrowings    | 90,486           | 109,047          |
| Variable-rate borrowings | 70,984           | 67,598           |
|                          | <b>161,470</b>   | <b>176,645</b>   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 25. SECURED BANK BORROWINGS *(Continued)*

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's secured bank borrowings are as follows:

|                          | 2023           | 2022           |
|--------------------------|----------------|----------------|
| Effective interest rate: |                |                |
| Fixed-rate borrowings    | 0.83% to 2.55% | 1.11% to 2.85% |
| Variable-rate borrowings | 1.09% to 6.83% | 1.08% to 2.66% |

The Group has variable-rate borrowings which carry interest at HIBOR or TIBOR. Interest is reset regularly.

As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

|               | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---------------|------------------|------------------|
| Floating rate | 60,979           | 59,717           |

During the year ended 31 March 2023, the Group obtained new loans in the amount of approximately HK\$35,328,000 (2022: HK\$36,200,000). The loans will be repayable from 2023 to 2046 (2022: 2022 to 2043). The proceeds were used for general working capital purpose and to finance the acquisition of investment properties.

The bank borrowings are secured by the land and building and certain investment properties of the Group as disclosed in notes 18 and 19 respectively.

Certain bank borrowings are guaranteed by KK Ascent Plus, an associate of the Group, with guarantee fee paid during the years ended 31 March 2023 and 2022 as disclosed in notes 32(a) and 32(b).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 26. DERIVATIVE FINANCIAL INSTRUMENTS

|                     | 2023<br>Liabilities<br>HK\$'000 | 2022<br>Liabilities<br>HK\$'000 |
|---------------------|---------------------------------|---------------------------------|
| Interest rate swaps | 53                              | 169                             |

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

Major terms of the interest rate swaps are as follows:

#### 31 March 2023

| Notional amount  | Maturity   | Swaps<br>From | To    |
|--|------------|---------------|-------|
| JPY 143,767,000<br>(equivalent to approximately HK\$8,482,000) | 29/12/2023 | TIBOR + 0.75% | 1.73% |

#### 31 March 2022

| Notional amount  | Maturity   | Swaps<br>From | To    |
|--|------------|---------------|-------|
| JPY 77,000,000<br>(equivalent to approximately HK\$4,951,000) (Note) | 31/8/2027  | TIBOR + 1.05% | 2.33% |
| JPY 168,763,000<br>(equivalent to approximately HK\$10,851,000)      | 29/12/2023 | TIBOR + 0.75% | 1.73% |

Note: The interest rate swap was early terminated during the year ended 31 March 2023.

Details of the fair value measurement are set out in note 8.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 27. DEFERRED TAX ASSET (LIABILITIES)

The following is the analysis of the deferred tax asset (liabilities), after set off certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purposes:

|                          | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--------------------------|------------------|------------------|
| Deferred tax asset       | 1,132            | 1,505            |
| Deferred tax liabilities | (28,882)         | (28,764)         |
|                          | (27,750)         | (27,259)         |

The following are the major deferred tax asset (liabilities) recognised and movements thereon during the current and prior years:

|  | Accelerated<br>tax<br>depreciation<br>HK\$'000 | Revaluation<br>of investment<br>properties and<br>undistributable<br>profits of<br>subsidiaries<br>HK\$'000 | Unused tax<br>losses<br>HK\$'000 | Total<br>HK\$'000 |
|--|--|---|----------------------------------|-------------------|
| At 1 April 2021  | (507)  | (28,639)  | 1,515                            | (27,631)          |
| Charged to profit or loss for the year (note 13)             | –  | (2,183)   | –                                | (2,183)           |
| Exchange realignment   | –  | 2,555   | –                                | 2,555             |
| At 31 March 2022 and 1 April 2022                            | (507)  | (28,267)  | 1,515                            | (27,259)          |
| Credit (charged) to profit or loss for the year<br>(note 13) | 136  | (2,538)   | (373)                            | (2,775)           |
| Exchange realignment   | –  | 2,284   | –                                | 2,284             |
| At 31 March 2023   | (371)  | (28,521)  | 1,142                            | (27,750)          |

At 31 March 2023, the Group has unused estimated tax losses of approximately HK\$22,030,000 (2022: HK\$19,091,000), available for offset against future profits. Deferred tax asset has been recognised in respect of the unused estimated tax losses of approximately HK\$6,921,000 (2022: HK\$9,182,000), such losses may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the remaining approximately HK\$15,109,000 (2022: HK\$9,909,000) unused tax losses due to the unpredictability of future profit streams.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 28. SHARE CAPITAL

|  | Number of<br>ordinary shares | Share capital<br>HK\$'000 |
|--|------------------------------|---------------------------|
| Ordinary shares of HK\$0.01 each                               |                              |                           |
| <i>Authorised:</i>   |                              |                           |
| At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023 | 5,000,000,000                | 50,000                    |
| <i>Issued and fully paid:</i>                                  |                              |                           |
| At 1 April 2021  | 803,360,000                  | 8,034                     |
| Share repurchased and cancelled (note ii)                      | (1,050,000)                  | (11)                      |
| Share allotted (note i) (note 35)                              | 4,530,000                    | 45                        |
| At 31 March 2022 and 1 April 2022                              | 806,840,000                  | 8,068                     |
| Share cancelled (note ii)                                      | (120,000)                    | (1)                       |
| Share allotted (note i) (note 35)                              | 5,780,000                    | 58                        |
| At 31 March 2023   | 812,500,000                  | 8,125                     |

Notes:

- (i) These new shares rank pari passu with the existing shares in all respects.
- (ii) During the year ended 31 March 2022, the Company repurchased its own shares through the Stock Exchange as follows:

| Month of repurchase | Number of<br>ordinary shares of<br>HK\$0.01 each | Price per share |                    | Aggregate<br>consideration<br>paid<br>HK\$'000 |
|---------------------|--|-----------------|--------------------|--|
|                     |  | Highest<br>HK\$ | Lowest<br>HK\$'000 |  |
|                     |  | HK\$            | HK\$'000           |  |
| November 2021       | 500,000  | 0.202           | 0.200              | 101  |
| February 2022       | 160,000  | 0.180           | 0.180              | 29   |
| March 2022          | 510,000  | 0.181           | 0.175              | 92   |
|                     | 1,170,000  |                 |                    | 222  |

During the year ended 31 March 2022, 1,050,000 repurchased shares had been cancelled and the remaining 120,000 repurchased shares were recorded as treasury stock as at 31 March 2022. During the year ended 31 March 2023, the 120,000 treasury shares were cancelled and deducted from share capital and share premium.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 29. OPERATING LEASE COMMITMENTS

### The Group as lessor

During the years ended 31 March 2023 and 2022, the Group's properties held for rental purpose are expected to generate rental yields of 5.7% and 6.3% respectively, on an ongoing basis. All of the properties held have committed tenants for the next one to fifteen years (2022: one to sixteen years).

At the end of the reporting period, the Group had contracted with tenants under non-cancellable operating leases for the following future minimum lease payments:

|                                     | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|-------------------------------------|------------------|------------------|
| Within one year                     | 3,796            | 4,072            |
| After one year but within two years | 360              | 1,800            |
|                                     | <b>4,156</b>     | <b>5,872</b>     |

## 30. RETIREMENT BENEFITS PLAN

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs, capped at HK\$1,500 per month, to the MPF Scheme, in which the contribution is matched by employees.

The total cost charged to profit or loss of approximately HK\$300,000 (2022: HK\$332,000) represents contributions payable to this scheme by the Group in respect of the current accounting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flow as cash flows from financing activities.

|                        | Secured bank<br>borrowings<br>(note 25)<br>HK\$'000 | Dividends<br>payable<br>(included in<br>other payables)<br>HK\$'000 | Interest payable<br>(included in<br>other payables)<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------|---|---|---|-------------------|
| At 1 April 2022        | 176,645   | –   | 87  | 176,732           |
| Financing cash flows   |   |   |   |                   |
| Addition               | 35,328  | –   | –   | 35,328            |
| Repayment              | (40,080)  | (172)   | (4,027)   | (44,279)          |
| Non-cash changes       |   |   |   |                   |
| Exchange realignment   | (10,423)  | –   | –   | (10,423)          |
| Finance costs incurred | –   | –   | 4,299   | 4,299             |
| Dividends declared     | –   | 172   | –   | 172               |
| At 31 March 2023       | <b>161,470</b>                                      | <b>–</b>  | <b>359</b>  | <b>161,829</b>    |
|                        |   |   |   |                   |
|                        | Secured bank<br>borrowings<br>(note 25)<br>HK\$'000 | Dividends<br>payable<br>(included in<br>other payables)<br>HK\$'000 | Interest payable<br>(included in<br>other payables)<br>HK\$'000 | Total<br>HK\$'000 |
| At 1 April 2021        | 201,848   | –   | 114   | 201,962           |
| Financing cash flows   |   |   |   |                   |
| Addition               | 36,200  | –   | –   | 36,200            |
| Repayment              | (49,698)  | (230)   | (4,122)   | (54,050)          |
| Non-cash changes       |   |   |   |                   |
| Exchange realignment   | (11,705)  | –   | –   | (11,705)          |
| Finance costs incurred | –   | –   | 4,095   | 4,095             |
| Dividends declared     | –   | 230   | –   | 230               |
| At 31 March 2022       | 176,645   | –   | 87  | 176,732           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 32. RELATED PARTY TRANSACTIONS

### (a) Transactions

Except disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related party:

| Name of the related party | Relationship | Nature of transactions    | 2023     | 2022     |
|---------------------------|--------------|---------------------------|----------|----------|
|                           |              |                           | HK\$'000 | HK\$'000 |
| KK Ascent Plus            | Associate    | Asset management fee paid | 600      | 715      |
|                           |              | Guarantee fee paid        | 249      | 214      |

The above transactions were carried out at terms determined based on the prevailing market price and agreed between the Group and the relevant party.

### (b) Secured bank borrowings

As at 31 March 2023, the bank borrowings of HK\$29,990,000 (2022: HK\$31,904,000) were guaranteed by KK Ascent Plus, an associate of the Group.

### (c) Compensation of key management personnel

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

|                          | 2023     | 2022     |
|--------------------------|----------|----------|
|                          | HK\$'000 | HK\$'000 |
| Short-term benefits      | 6,582    | 7,043    |
| Share based payments     | 546      | 821      |
| Post-employment benefits | 113      | 114      |
|                          | 7,241    | 7,978    |

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

|   | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---|------------------|------------------|
| Non-current assets                            |                  |                  |
| Investments in subsidiaries                   | 299,510          | 299,510          |
| Investment in an associate                    | 356              | 356              |
|   | <b>299,866</b>   | <b>299,866</b>   |
| Current assets                                |                  |                  |
| Other receivables and prepayment              | 284              | 382              |
| Amounts due from subsidiaries ( <i>note</i> ) | 69,187           | 69,168           |
| Bank balances and cash                        | 532              | 654              |
|   | <b>70,003</b>    | <b>70,204</b>    |
| Current liabilities                           |                  |                  |
| Accruals                                      | 760              | 979              |
| Amounts due to subsidiaries ( <i>note</i> )   | 3,833            | 2,930            |
|   | <b>4,593</b>     | <b>3,909</b>     |
| Net current assets                            | <b>65,410</b>    | <b>66,295</b>    |
|   | <b>365,276</b>   | <b>366,161</b>   |
| Capital and reserves                          |                  |                  |
| Share capital                                 | 8,125            | 8,068            |
| Reserves                                      | 357,151          | 358,093          |
|   | <b>365,276</b>   | <b>366,161</b>   |

Note: The amounts are unsecured, non-interest bearing and repayable on demand.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

#### Movements of the reserves of the Company:

|                                   | Share<br>Premium<br>HK\$'000 | Treasury<br>stock<br>HK\$'000 | Other<br>reserve<br>(note)<br>HK\$'000 | Shareholder<br>contribution<br>HK\$'000 | Share<br>awards<br>reserve<br>HK\$'000 | Retained<br>profits<br>HK\$'000 | Total<br>HK\$'000 |
|-----------------------------------|------------------------------|-------------------------------|--|---|--|---------------------------------|-------------------|
| At 1 April 2021                   | 72,431                       | –                             | 264,509                                | 11,319                                  | 210                                    | 10,237                          | 358,706           |
| Loss for the year                 | –                            | –                             | –                                      | –                                       | –                                      | (1,585)                         | (1,585)           |
| Repurchase of ordinary shares     | –                            | (222)                         | –                                      | –                                       | –                                      | –                               | (222)             |
| Cancellation of treasury stock    | (189)                        | 200                           | –                                      | –                                       | –                                      | –                               | 11                |
| Share based payments              | –                            | –                             | –                                      | –                                       | 1,228                                  | –                               | 1,228             |
| Vested shares for share awards    | 1,071                        | –                             | –                                      | –                                       | (1,116)                                | –                               | (45)              |
| At 31 March 2022 and 1 April 2022 | 73,313                       | (22)                          | 264,509                                | 11,319                                  | 322                                    | 8,652                           | 358,093           |
| Loss for the year                 | –                            | –                             | –                                      | –                                       | –                                      | (1,782)                         | (1,782)           |
| Cancellation of treasury stock    | (21)                         | 22                            | –                                      | –                                       | –                                      | –                               | 1                 |
| Share based payments              | –                            | –                             | –                                      | –                                       | 897                                    | –                               | 897               |
| Vested shares for share awards    | 1,010                        | –                             | –                                      | –                                       | (1,068)                                | –                               | (58)              |
| At 31 March 2023                  | <b>74,302</b>                | <b>–</b>                      | <b>264,509</b>                         | <b>11,319</b>                           | <b>151</b>                             | <b>6,870</b>                    | <b>357,151</b>    |

Note: Other reserve represents the difference between the nominal value of the shares issued for the acquisition of equity interests in the subsidiaries as part of the reorganisation and the consolidated equity of the subsidiaries acquired by the Company in prior years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 34. PARTICULARS OF SUBSIDIARIES OF THE GROUP

Details of the Company's subsidiaries as at 31 March 2023 and 2022 are set out below.

| Name of subsidiary                            | Form of business | Place of incorporation/<br>operation | Issued and fully paid-up<br>share capital | Percentage of<br>effective equity<br>interest attributable to<br>the Company |       | Proportion of<br>voting power held<br>by the Company |       | Principal activity  |
|---|------------------|--------------------------------------|---|--|-------|--|-------|---|
|   |                  |                                      |   | 2023   | 2022  | 2023   | 2022  |   |
| <i>Directly held:</i>                         |                  |                                      |   |  |       |  |       |   |
| Pleasant Hilltop Limited                      | Incorporated     | The BVI                              | US\$1                                     | 100%   | 100%  | 100%   | 100%  | Investment holding  |
| Whalehunter Investments Limited               | Incorporated     | The BVI                              | US\$2                                     | 100%   | 100%  | 100%   | 100%  | Investment holding  |
| <i>Indirectly held:</i>                       |                  |                                      |   |  |       |  |       |   |
| Altus Capital Limited                         | Incorporated     | Hong Kong                            | HK\$12,500,000                            | 100%   | 100%  | 100%   | 100%  | Financial advisory and<br>consultancy services and<br>investment holding              |
| Altus Investments Limited                     | Incorporated     | Hong Kong                            | HK\$149,178,505                           | 100%   | 100%  | 100%   | 100%  | Investment holding  |
| EXE Rise                                      | Incorporated     | The BVI                              | JPY120,000                                | 90%  | 90%   | 90%  | 90%   | Investment holding  |
| Galaxy Base Limited                           | Incorporated     | Hong Kong                            | HK\$50                                    | 100%   | 100%  | 100%   | 100%  | Property investment   |
| Godo Kaisha Bohol                             | Incorporated     | Japan                                | JPY1,000,000                              | 90%  | 90%   | 90%  | 90%   | Property investment   |
| Godo Kaisha Choun                             | Incorporated     | Japan                                | JPY10,000                                 | 100%   | 100%  | 100%   | 100%  | Property investment   |
| Godo Kaisha Yuzuha                            | Incorporated     | Japan                                | JPY10,000                                 | 90%  | 90%   | 90%  | 90%   | Property investment   |
| Godo Kaisha Hayama Shouten                    | Incorporated     | Japan                                | JPY10,000                                 | 90%  | 90%   | 90%  | 90%   | Property investment   |
| Godo Kaisha Mameha                            | Incorporated     | Japan                                | JPY210,000                                | 78.7%  | 78.7% | 78.7%  | 78.7% | Property investment   |
| I Corporation                                 | Incorporated     | The BVI                              | US\$70                                    | 80%  | 80%   | 80%  | 80%   | Investment holding  |
| Residence Motoki Investment Limited           | Incorporated     | The BVI                              | JPY6,000,000                              | 78.7%  | 78.7% | 78.7%  | 78.7% | Investment holding  |
| Smart Tact                                    | Incorporated     | The BVI                              | HK\$9,220                                 | 90%  | 90%   | 90%  | 90%   | Investment holding  |
| Starich Resources Limited                     | Incorporated     | The BVI                              | US\$8                                     | 100%   | 100%  | 100%   | 100%  | Property investment,<br>investment holding and<br>providing administrative<br>service |
| Yugen Kaisha Hourei                           | Incorporated     | Japan                                | JPY3,000,000                              | 100%   | 100%  | 100%   | 100%  | Property investment   |
| Yugen Kaisha Houten                           | Incorporated     | Japan                                | JPY3,000,000                              | 100%   | 100%  | 100%   | 100%  | Property investment   |
| Japan Special Situation Investment<br>Limited | Incorporated     | The BVI                              | US\$3,700                                 | 94.6%  | 94.6% | 100%   | 100%  | Property investment   |
| Lynton Gate Limited                           | Incorporated     | The BVI                              | US\$10                                    | 90%  | 90%   | 90%  | 90%   | Property investment   |
| Altus Japan Property Fund Ltd SPC*            | Incorporated     | The Cayman<br>Islands                | JPY100                                    | -  | 100%  | -  | 100%  | Inactive  |
| Altus ST Limited                              | Incorporated     | Hong Kong                            | HK\$10,000                                | 100%   | 100%  | 100%   | 100%  | Inactive  |

\* The entity was inactive and struck off during the year ended 31 March 2023.

Notes:

- (i) None of the subsidiaries had any debt securities outstanding at the end of both years or during both years.
- (ii) None of the subsidiaries have non-controlling interests that are material to the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 35. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS

### Share awards to employees

On 25 June 2018, the Group entered into a deed of grant (the “**Deeds**”) in relation to the award of shares of the Company to an executive director of a wholly-owned subsidiary of the Group and an employee of the Group (“**Share Awards**”). Such transactions have been approved in August 2018. 2,400,000 shares were awarded to each employee. Details are set out in the circular dated 20 July 2018 and announcements dated 25 June 2018 and 26 June 2018. At an extraordinary general meeting of the Company held on 8 August 2018, the deed of grant of share awards was approved. The fair value of the awarded shares was calculated based on the market price of the Company’s shares at the respective grant date. As such, the estimated fair values of the shares granted are approximately HK\$1,680,000.

On 26 June 2020, the Board resolved to award conditionally an aggregate of 3,830,000 new shares of the Company (the “**2020 Shares Awards**”) to twelve grantees. One of the grantees, who was awarded with 1,600,000 new shares of the Company, is an executive director of a wholly-owned subsidiary of the Group. Other grantees, who are awarded with aggregate of 2,230,000 new shares of the Company, are employees of the Group. Details were set out in the circular of the Company dated 23 July 2020. At an extraordinary general meeting of the Company held on 7 August 2020, the deed of grant of share awards was approved. The fair value of the awarded shares was calculated based on the market price of the Company’s shares at the respective grant date. As such, the estimated fair value of the shares granted are approximately HK\$820,000.

On 4 January 2021 and 29 June 2021, the Board resolved to award conditionally an aggregate of 720,000 and 3,210,000 new shares of the Company (the “**2021 Shares Awards**”) to sixteen and twelve grantees. Two of the grantees, who were awarded with aggregate of 1,440,000 new shares of the Company, are executive directors of a wholly-owned subsidiary of the Group. Other grantees, who are awarded with aggregate of 2,490,000 new shares of the Company, are employees of the Group. Details were set out in the circular of the Company dated 22 July 2021. At an extraordinary general meeting of the Company held on 6 August 2021, the deed of grant of share awards was approved. The fair value of the awarded shares was calculated based on the market price of the Company’s shares at the respective grant date. As such, the estimated fair value of the shares granted are approximately HK\$786,000.

On 4 January 2022 and 27 June 2022, the Board resolved to award conditionally an aggregate of 300,000 and 5,440,000 new shares of the Company (the “**2022 Shares Awards**”) to three and twelve grantees. Two of the grantees, who were awarded with aggregate of 1,920,000 new shares of the Company, are executive directors of a wholly-owned subsidiary of the Group. Other grantees, who are awarded with aggregate of 3,820,000 new shares of the Company, are employees of the Group. Details were set out in the circular of the Company dated 22 July 2022. Prior to the date of approval of the deed of grant, one grantee ceased to be the employee of the Group, the deed of grant for 120,000 shares under the 2022 Shares Awards were cancelled accordingly. At an extraordinary general meeting of the Company held on 8 August 2022, the deed of grant of share awards was approved. The fair value of the awarded shares was calculated based on the market price of the Company’s shares at the respective grant date. As such, the estimated fair value of the shares granted are approximately HK\$877,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 35. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS *(Continued)*

#### Share awards to employees *(Continued)*

During the years ended 31 March 2023 and 2022, shares based payment of approximately HK\$897,000 and HK\$1,228,000 was recognised in the profit or loss respectively.

The movement of the grant of share awards during the year is as follows:

|                                     | Number of shares award |             |
|-------------------------------------|------------------------|-------------|
|                                     | 2023                   | 2022        |
| Outstanding as at 1 April           | 3,620,000              | 4,390,000   |
| Granted during the year             | 5,620,000              | 3,930,000   |
| Vested during the year (note i)     | (5,780,000)            | (4,530,000) |
| Forfeited during the year (note ii) | (1,380,000)            | (170,000)   |
| Outstanding as at 31 March          | 2,080,000              | 3,620,000   |

Notes:

- (i) During the year ended 31 March 2023, 1,760,000 of the 2020 Shares Awards, 1,460,000 of the 2021 Shares Awards and 2,560,000 of the 2022 Shares Awards were issued and allotted to the executive directors of a wholly-owned subsidiary of the Group and employees. As such, approximately HK\$58,000 and HK\$1,010,000 were transferred to share capital and share premium respectively from share awards reserve.

During the year ended 31 March 2022, 1,280,000 of the Share Awards, 1,340,000 of the 2020 Shares Awards and 1,910,000 of the 2021 Shares Awards were issued and allotted to the executive directors of a wholly-owned subsidiary of the Group and employees. As such, approximately HK\$45,000 and HK\$1,071,000 were transferred to share capital and share premium respectively from share awards reserve.

- (ii) During the year ended 31 March 2023, 400,000 shares of the 2021 Shares Awards and 980,000 shares of the 2022 Shares Awards were forfeited as the grantees ceased to be the employees of the Group.

During the year ended 31 March 2022, 10,000 shares of the 2020 Shares Awards and 160,000 shares of the 2021 Shares Awards were forfeited as the grantees ceased to be the employees of the Group.

Details of the terms and conditions of the grant of share awards under the deeds are as follows:

|                            | Number of shares | Fair value as at grant date |                           | Vesting conditions |
|----------------------------|------------------|-----------------------------|---------------------------|--------------------|
|                            |                  | Per share HK\$              | Aggregate amount HK\$'000 |                    |
| Share Awards               | 4,800,000        | 0.350                       | 1,680                     | Note (i)           |
| 2020 Share Awards          | 3,830,000        | 0.214                       | 820                       | Note (ii)          |
| 2021 Share Awards          | 3,930,000        | 0.200                       | 786                       | Note (iii)         |
| 2022 Share Awards          | 5,620,000        | 0.156                       | 877                       | Note (iv)          |
| Total share awards granted | 18,180,000       |                             |                           |                    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 35. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS *(Continued)*

### Share awards to employees *(Continued)*

Notes:

- (i) The share awards granted have a vesting period shown as follows:
- 2,240,000 shares were vested for the year ended 31 March 2020.
  - 1,280,000 shares were vested for the year ended 31 March 2021.
  - 1,280,000 shares were vested for the year ended 31 March 2022.
- (ii) The share awards granted have a vesting period shown as follows:
- 450,000 shares were vested for the year ended 31 March 2021.
  - 1,620,000 shares were vested for the year ended 31 March 2022.
  - 1,760,000 shares were vested for the year ended 31 March 2023.
- (iii) The share awards granted have a vesting period shown as follows:
- 2,070,000 shares were vested for the year ended 31 March 2022.
  - 1,860,000 shares were vested for the year ended 31 March 2023.
- (iv) The share awards granted have a vesting period shown as follows:
- 2,900,000 shares were vested for the year ended 31 March 2023.
  - 2,720,000 shares were vested for the year ending 31 March 2024.

## 36. CAPITAL COMMITMENTS

|   | 2023     | 2022     |
|---|----------|----------|
|   | HK\$'000 | HK\$'000 |
| Capital expenditure in respect of acquisition of investment properties contracted for but not provided in the consolidated financial statements | 10,620   | –        |

## 37. EVENT AFTER THE REPORTING PERIOD

Subsequent to the date of the reporting period, the Group had completed the acquisition of an investment property for rental purpose at a consideration of JPY190,000,000 (equivalent to approximately HK\$11,210,000) on 4 April 2023. Details of the acquisition are set out in the Company's announcements dated 2 March 2023 and 4 April 2023 respectively.



## PARTICULARS OF PROPERTIES HELD BY THE GROUP

AT 31 MARCH 2023

|                              | Particulars  | Use                    | Lease term | Lot No.  | Percentage of interest of the Group |
|------------------------------|--|------------------------|------------|--|-------------------------------------|
| <i>Land and buildings</i>    |  |                        |            |  |                                     |
| 1.                           | No. 21 Wing Wo Street, Hong Kong   | Commercial             | Long-term  | Sub-section 3 of Section C of Marine Lot No. 63 A  | 100.0%                              |
| <i>Investment properties</i> |  |                        |            |  |                                     |
| <b>Hong Kong</b>             |  |                        |            |  |                                     |
| 2.                           | 8th Floor of Nos. 8-10 Duddell Street and No. 20 Ice House Street, Hong Kong | Commercial             | Long-term  | Inland Lot No. 339   | 100.0%                              |
| <b>Japan</b>                 |  |                        |            |  |                                     |
| 3.                           | Ark Palace Hiragishi   | Residential            | Freehold   | Lot No. 31, Hiragishi 2-jo, 7-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture                  | 90.0%                               |
| 4.                           | Kitano Machikado GH  | Residential            | Freehold   | Lot No. 365-301, Kitano 5-jo, 4-chome, Kiyota-ku, Sapporo City, Hokkaido Prefecture                  | 100.0%                              |
| 5.                           | LC One   | Residential cum office | Freehold   | Lot No. 2-19, Kita 1-jo, Nishi 19-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture                  | 90.0%                               |
| 6.                           | Liberty Hills GH   | Residential            | Freehold   | Lot No. 44-1, Hiragishi 6-jo, 13-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture               | 100.0%                              |
| 7.                           | Libress Hiragishi  | Residential cum office | Freehold   | Lot No. 3, Hiragishi 3-jo, 4-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture                   | 100.0%                              |
| 8.                           | Nouvelle 98  | Residential            | Freehold   | Lot No. 533-14 and other lot, Minami 9-jo, Nishi 8-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture | 100.0%                              |

## PARTICULARS OF PROPERTIES HELD BY THE GROUP

AT 31 MARCH 2023

|     | Particulars                | Use                        | Lease term | Lot No.   | Percentage of interest of the Group |
|-----|----------------------------|----------------------------|------------|---|-------------------------------------|
| 9.  | Rakuyukan 36               | Residential                | Freehold   | Lot No. 250-47, Minami 36-jo, Nishi 10-chome, Minami-ku, Sapporo City, Hokkaido Prefecture          | 94.6%                               |
| 10. | South 1 West 18 Building   | Residential cum office     | Freehold   | Lot No. 1-2 and other lots, Minami 1-jo, Nishi 18-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture | 90.0%                               |
| 11. | T House                    | Residential                | Freehold   | Lot No. 614-16 and other lot, Kotoni 3-jo, 3-chome, Nishi-ku, Sapporo City, Hokkaido Prefecture     | 100.0%                              |
| 12. | Tommy House Hiragishi      | Residential                | Freehold   | Lot No. 44, Hiragishi 3-jo, 12-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture                | 100.0%                              |
| 13. | Uruoi Kawanone             | Residential                | Freehold   | Lot No. 7-1 and other lot, Minami 8-jo, Nishi 3-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture   | 100.0%                              |
| 14. | White Building A & B       | Residential                | Freehold   | Lot No. 18-316 and other lot, Kita 23-jo, Nishi 5-chome, Kita-ku, Sapporo City, Hokkaido Prefecture | 90.0%                               |
| 15. | Azabu Juban Crown Building | Residential                | Freehold   | Lot No. 2-12, Azabujuban 2-chome, Minato-ku, Tokyo  | 100.0%                              |
| 16. | Azabu Sendaizaka Hills     | Residential                | Freehold   | Lot No. 6-18 and other lot, Minamiazabu 1-chome, Minato-ku, Tokyo                                   | 100.0%                              |
| 17. | City Court Suginami        | Residential                | Freehold   | Lot No. 46-1 and other lots, Suginamicho, Hakodate City, Hokkaido Prefecture                        | 100.0%                              |
| 18. | Residence Motoki           | Residential cum commercial | Freehold   | Lot No. 563, Nishijin 5-chome, Sawara-ku, Fukuoka City, Fukuoka Prefecture                          | 78.7%                               |

## PARTICULARS OF PROPERTIES HELD BY THE GROUP

AT 31 MARCH 2023

|     | Particulars                  | Use                        | Lease term | Lot No.   | Percentage of interest of the Group |
|-----|------------------------------|----------------------------|------------|---|-------------------------------------|
| 19. | Wealth Fujisaki              | Residential                | Freehold   | Lot No. 55-2 and other lot, Fujisaki 1-chome, Sawara-ku, Fukuoka City, Fukuoka Prefecture   | 100.0%                              |
| 20. | Rise Shimodori EXE           | Residential cum commercial | Freehold   | Lot No. 2-2 and other lots, Chuogai, Chuo-ku, Kumamoto City, Kumamoto Prefecture            | 90.0%                               |
| 21. | Rise Fujisakidai             | Residential                | Freehold   | Lot No. 2-30 and other lots, Shinmachi 3-chome, Chuo-ku, Kumamoto City, Kumamoto Prefecture | 90.0%                               |
| 22. | Rise Kumamoto Station South  | Residential                | Freehold   | Lot No. 130-1, Nihongi 4-chome, Nishi-ku, Kumamoto City, Kumamoto Prefecture                | 90.0%                               |
| 23. | Rise Shimodori               | Residential                | Freehold   | Lot No. 5-4 and other lots, Chuogai, Chuo-ku, Kumamoto City, Kumamoto Prefecture            | 90.0%                               |
| 24. | Kagoshima Tenmonkan Building | Commercial                 | Freehold   | Lot No. 5-2 Sennichicho, Kagoshima City, Kagoshima Prefecture                               | 90.0%                               |
| 25. | Shinoro House GH             | Residential                | Freehold   | Lot No. 264-8, Sinoro 9-jo, 3-chome, Kita-ku, Sapporo City, Hokkaido Prefecture             | 100.0%                              |
| 26. | Relife GH                    | Residential                | Freehold   | Lot No. 21-305, 7-jo, 3-chome, Kiyota, Kiyota ku, Sapporo City, Hokkaido Prefecture         | 100.0%                              |
| 27. | KD Shinshigai Building       | Commercial                 | Freehold   | Shinshigai 1-15, Chuo-ku, Kumamoto City, Kumamoto Prefecture                                | 90.0%                               |
| 28. | Wisteria-S                   | Residential                | Freehold   | Lot No. 8-24, Kikusui 3-jo, 1-chome, Shiroishi-ku, Sapporo City, Hokkaido Prefecture        | 100.0%                              |