

# ALTUS.

**Altus Holdings Limited**

*incorporated in the Cayman Islands with limited liability*

*Stock Code : 8149*

## FY2024 ANNUAL REPORT





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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

### COMPANY SECRETARY

Ms. Sung Yuen Na

### AUTHORISED REPRESENTATIVES

Mr. Arnold Ip Tin Chee  
Mr. Chang Sean Pey

### REGISTERED OFFICE

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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

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 report that our advisory business has turned a corner over the past year, reversing a decline in revenue and enhancing overall profitability. This achievement is particularly noteworthy given the challenging circumstances that have persisted throughout the period. Our proprietary investments in Japan have remained stable, although profitability has been affected by the continued depreciation of the Japanese yen.

As the year began, the anticipated upswing in the Hong Kong capital markets following the easing of COVID travel restrictions did not transpire as expected. Instead, we have observed a diminishing foreign interest in the Hong Kong market. Mainland entities have increasingly redirected their attention towards the west, seeking capital in the U.S. rather than the traditional Hong Kong market. This shift has perpetuated a tough business environment, especially in the investment banking segment, that underscores the adage “only those who can adapt will survive”.

In this regard, we have continued to adapt and have refined our revenue breakdown reporting to better reflect our advisory segment's strategic pivot towards regulatory-driven work and special situation consulting. Our clients are increasingly seeking our expertise to navigate disputes and special situations, a trend fueled by the prevailing uncertainty and accompanying opportunities. We believe that our expertise in this area will continue to be a key differentiator for our advisory business.

Looking ahead, we are hopeful about the future. The new leadership at HKEx has been proactively engaging with stakeholders to solicit feedback, and we are heartened to see our call for a unified effort resonate with them. Hong Kong's historical role as an intermediary between China and the global community has always been a formidable strength, and we are confident that in unison, we will identify the appropriate strategic shifts to navigate the evolving geopolitical landscape.

Meanwhile, despite the weak Japanese yen affecting returns in Hong Kong dollar terms from our Japanese investments, the underlying business performed well, supported by strong fundamentals. We are optimistic about Japan's economic prospects, particularly its growing significance in the global semiconductor value chain, which bodes well for medium-term capital appreciation. Additionally, we are actively exploring avenues to unlock the value of our Japanese real estate portfolio through portfolio optimisation or redevelopment of selected assets. At the same time, we are working to scale up our investment activities through the initiation of a Japan real estate fund, taking advantage of the prevailing currency trend.

We are committed to creating sustainable value for our shareholders, clients, and communities, and we are grateful for your support and trust as we continue to adapt and thrive in this increasingly complex and volatile world.

Thank you for your enduring support.

As ever,  
**Arnold Ip Tin Chee**  
*Chairman*

Hong Kong, 27 June 2024



## 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 2024 (“**FY2024**”) and the annual report for the year ended 31 March 2023 (“**FY2023**”) are as follows:

	For the year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	51,983	47,791	55,709	59,266	59,666
Profit before tax	19,782	15,524	12,148	11,790	3,920
Profit for the year attributable to owners of the Company					
– Reported	12,626	9,878	6,980	6,294	494
– Underlying <sup>(Note 1)</sup>	8,978	7,001	9,829	12,686	7,502

Note:

- 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				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	586,300	630,020	663,240	713,478	730,309
Total liabilities	193,331	207,715	222,630	249,315	264,115
Net assets	392,969	422,305	440,610	464,163	466,194



## OPERATION REVIEW AND FINANCIAL REVIEW

### REVIEW OF OPERATIONS

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

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

The Group's profitability improved during FY2024, underpinned by higher income from corporate finance, asset management and other consultancy services. This was also despite a weakening of Japanese Yen ("JPY") during FY2024 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 increased by 28.2% to HK\$9.0 million in FY2024 compared with HK\$7.0 million in FY2023 mainly due to an 8.8% increase in revenue to HK\$52.0 million in FY2024 from HK\$47.8 million in FY2023 while overall expenses had increased at a lesser extent. Reported net profit attributable to owners of the Company was higher at HK\$12.6 million in FY2024 compared to HK\$9.9 million in FY2023 boosted by net increase in fair value of the Group's investment properties in Japan.

#### **Corporate finance, asset management, and other consultancy services**

The Group's corporate finance services generally consist of provision of financial or independent financial advice, sponsorship and compliance advisory services, and acting as listing agent, to companies and funds listed or seeking listing on the Stock Exchange. These services typically involve transactions driven by requirements of regulations such as the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and the Code on Takeovers and Mergers and Share Buy-backs ("**Takeovers Code**"). The Group's other consultancy services generally consist of special situations work relating to litigation support, financial due diligence and valuation or merger and acquisition consulting.



## OPERATION REVIEW AND FINANCIAL REVIEW

A breakdown of revenue in FY2024 and FY2023 based on (i) specific service types such as sponsorship, financial or compliance advisory and other consultancy; and (ii) service nature such as regulatory-driven advisory or special situation consulting, is as follows:

	For the year ended 31 March					
	2024			2023		
	Revenue HK\$'000	%	Number of active engagements	Revenue HK\$'000	%	Number of active engagements
Sponsorship	920	4%	1	2,022	12%	1
Financial advisory	12,955	59%	71	8,340	51%	58
Compliance advisory	2,294	11%	8	2,361	15%	7
Asset management and other consultancy services	5,707	26%	11	3,607	22%	23
<b>Total</b>	<b>21,876</b>	<b>100%</b>	<b>91</b>	<b>16,330</b>	<b>100%</b>	<b>89</b>

Composition of the Group's advisory and consulting segments has evolved over the years. To better reflect the types of services in this segment, the chief operating decision maker (the "CODM"), being the directors of the Company, has decided to make certain reclassification as follows which the Group will adopt going forward.

	For the year ended 31 March					
	2024			2023		
	Revenue HK\$'000	%	Number of active engagements	Revenue HK\$'000	%	Number of active engagements
Regulatory-driven	16,882	77%	85	14,107	86%	84
Special situation consulting	4,748	22%	4	2,187	14%	3
Asset management and others	246	1%	2	36	-%	2
<b>Total</b>	<b>21,876</b>	<b>100%</b>	<b>91</b>	<b>16,330</b>	<b>100%</b>	<b>89</b>

Revenue from corporate finance, asset management and other consultancy services was 34.0% higher at HK\$21.9 million in FY2024 compared to the previous financial year due principally to higher level of activities for regulatory-driven financial advisory work both in term of higher number of transactions and higher fee per transaction on average. At the same time, while the number of other consultancy services reduced, the Group undertook several transactions which were of higher value due to their complexity and project length. It is noted that the aforesaid service income is recognised when the underlying services have been provided and/or relevant significant acts have been completed in accordance with the terms of the service agreement. Consequently, for these lengthier projects, there may be fluctuations in their revenue contribution from period to period.

## OPERATION REVIEW AND FINANCIAL REVIEW

### Proprietary investments

During FY2024, the Group acquired two residential properties, namely Base 1st in Kagoshima City and Yuinoie Shinkawanishi in Sapporo City, and disposed of a residential property, namely Nouvelle 98 in Sapporo City, as part of its portfolio optimisation plan.

As at 31 March 2024, the Group had a portfolio of 27 investment properties in Japan and one investment property in Hong Kong. They contributed rental income of HK\$30.1 million in FY2024. In comparison, the Group had 26 investment properties in Japan and one investment property in Hong Kong as at 31 March 2023 and they contributed rental income of HK\$31.5 million in FY2023. 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 2024 are as follows:

				Appraised value as at 31 March 2024 JPY million	Appraised value as at 31 March 2023 JPY million	Average occupancy in FY2024 (by revenue)	
Property name	Location	Net rentable area (sq.ft.)	Number of units				
1.	Ark Palace Hiragishi	Sapporo	14,485	54	436	434	94%
2.	Kitano Machikado GH	Sapporo	1,572	8	43	43	100%
3.	LC One	Sapporo	6,582	26	144	143	92%
4.	Liberty Hills GH	Sapporo	926	8	42	42	100%
5.	Libress Hiragishi	Sapporo	11,554	36	187	185	93%
6.	Nouvelle 98 <sup>(Note 1)</sup>	Sapporo	13,790	38	–	239	94%
7.	Rakuyukan 36	Sapporo	18,046	38	320	318	100%
8.	Relife GH	Sapporo	750	6	34	34	100%
9.	Shinoro House GH	Sapporo	918	6	38	38	100%
10.	South 1 West 18 Building	Sapporo	15,529	37	344	337	98%
11.	T House	Sapporo	6,751	24	151	149	92%
12.	Tommy House Hiragishi <sup>(Note 5)</sup>	Sapporo	8,782	28	163	163	84%
13.	Uruoi Kawanone	Sapporo	15,930	65	680	680	97%
14.	White Building A & B	Sapporo	13,523	55	244	243	99%
15.	Wisteria-S <sup>(Note 4)</sup>	Sapporo	5,997	19	172	149	100%
16.	City Court Suginami	Hakodate	13,640	44	209	209	84%
17.	Azabu Sendaizaka Hills	Tokyo	12,046	7	1,530	1,464	97%
18.	Azabu Juban Crown Building	Tokyo	2,248	5	254	251	100%
19.	Residence Motoki	Fukuoka	11,992	12	341	334	98%
20.	Wealth Fujisaki	Fukuoka	7,390	10	198	191	100%
21.	KD Shinshigai Building	Kumamoto	4,463	3	283	277	96%
22.	Rise Shimodori EXE	Kumamoto	14,159	35	531	516	95%
23.	Rise Fujisakidai	Kumamoto	13,891	36	405	397	91%
24.	Rise Kumamoto Station South	Kumamoto	10,116	20	214	211	91%
25.	Rise Shimodori	Kumamoto	13,619	36	460	445	95%
26.	Kagoshima Tenmonkan Building	Kagoshima	6,541	1	565	552	100%
27.	Base 1st <sup>(Note 2)</sup>	Kagoshima	4,762	19	191	–	93%
28.	Yuinoie Shinkawanishi <sup>(Note 3)</sup>	Sapporo	2,248	10	56	–	N/A



## OPERATION REVIEW AND FINANCIAL REVIEW

### Notes:

1. This property was disposed of in November 2023.
2. This property was acquired in April 2023.
3. This property was acquired in February 2024 and leasing activities commenced in April 2024.
4. This property was disposed of in April 2024.
5. As part of the Group's portfolio optimisation plan, it is intended that this property will be demolished and redeveloped. The Group is in the midst of the process of vacating existing tenants for this purpose and occupancy rate will progressively decline as a result.

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 FY2024. This property's appraised value as at 31 March 2024 was HK\$69.0 million.

The Group had an investment portfolio consisting of Hong Kong-listed securities with market value of HK\$0.7 million as at 31 March 2024. Dividend income of HK\$48,000 was received from this portfolio in FY2024.

Operational performance of the Group's real estate portfolio in Japan had improved with average occupancy of 95.4% in FY2024 compared with 93.2% in FY2023. Consequently, rental income from Japan in JPY terms increased by 2.8% from JPY518 million in FY2023 to JPY533 million in FY2024. Notwithstanding this, owing to the impact of a weaker JPY, rental income from Japan in HK\$ terms declined from HK\$30.0 million in FY2023 to HK\$28.7 million in FY2024.

During FY2024, no significant improvement works was conducted on the Group's investment properties.

## 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\$52.0 million in FY2024 which was 8.8% higher than revenue of HK\$47.8 million in FY2023 due principally to a HK\$5.5 million revenue increase for the corporate finance, asset management and other consultancy services business segment. Meanwhile, a weaker JPY which affected rental income from Japan caused proprietary investments revenue in HK\$ terms to decline by 4.5% or HK\$1.3 million lower.



## OPERATION REVIEW AND FINANCIAL REVIEW

### *Corporate finance, asset management and other consultancy services*

The Group undertook 85 regulatory-driven services engagements during FY2024 compared with 84 engagements in FY2023. As the Group undertook several transactions which were of higher value due to their complexity and project length, such as those relating to financial advisory for Takeovers Code-related transactions, revenue from regulatory-driven services increased by 20% from HK\$14.1 million to HK\$16.9 million during FY2024.

The efforts toward expanding the higher margin strategic and special situation consulting work were reflected in the increase in revenue of special situation consulting which increased from HK\$2.2 million in FY2023 to HK\$4.7 million in FY2024. These engagements included providing litigation support and financial due diligence services.

### *Proprietary investments*

Overall occupancy rate of the Group's portfolio in Hong Kong and Japan improved to 95.6% in FY2024 compared with 93.5% in FY2023.

Rental revenue from the Group's Hong Kong commercial property unit remained at HK\$1.5 million which is at the same level as FY2023.

Rental revenue from the Group's Japan real estate portfolio increased by 2.8% in JPY terms as occupancy rate improved to 95.4% in FY2024 compared with 93.2% in FY2023. In HK\$ term, revenue of Japan real estate portfolio declined by 4.5% from HK\$30.0 million in FY2023 to HK\$28.7 million in FY2024 as JPY had weakened by 7.1% in FY2024 with an average rate of JPY100:HK\$5.38 compared with JPY100:HK\$5.79 in FY2023.

### **Other income**

Other income decreased by HK\$0.1 million from HK\$0.7 million in FY2023 to HK\$0.6 million.

The Group disposed of a residential property Nouvelle 98 in Sapporo City in November 2023 as part of its portfolio optimisation plan as, given its age, this property would have required substantial capital expenditure to maintain its competitiveness in the leasing market. The property would also not be suitable for redevelopment as the shape of the land it sits on is not optimal. The disposal had allowed the Group to realise its investment in the property at a level similar to its carrying value and fair value, and substantially higher than the Group's original acquisition cost in 2004. The Group recorded a gain on disposal of HK\$0.1 million from this disposal which is classified under "Other income".

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

The Group recorded overall net increase in fair value of investment properties of HK\$6.1 million in FY2024 on the back of diverging trends for the Hong Kong and Japan property markets.

The office unit at Duddell Street, Central, Hong Kong recorded a decrease in fair value of HK\$4.0 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 JPY166.2 million or HK\$10.1 million.

The property market in Japan had been buoyant throughout FY2024, spurred by positive market sentiment and a weak JPY relative to other major currencies. Overall, 26 out of the Group's 27 properties recorded higher fair value with more noticeable increases in (i) Azabu Sendaizaka Hills which is located in Tokyo; and (ii) Residence Motoki and Wealth Fujisaki which are located in Fukuoka City.



## OPERATION REVIEW AND FINANCIAL REVIEW

### Property expenses

Property expenses in HK\$ terms had decreased in FY2024 in line with a weaker JPY. Property expenses had decreased at a lesser extent of 1.6% compared with a decrease of 4.5% in rental income due mainly to (i) incurrence of higher repair and maintenance expenses for certain properties in Japan; and (ii) higher consumption tax amount paid relating to the disposal of Nouvelle 98.

### Administrative and operating expenses

The Group recorded higher administrative and operating expenses of HK\$24.0 million in FY2024 compared with HK\$22.6 million in FY2023, representing an increase of HK\$1.4 million or 6.3%. This was due to a combination of the following:

- (i) higher staff-related salary expenses due to payments of revenue-linked remuneration in line with higher revenue from corporate finance, asset management and other consultancy services;
- (ii) higher share award-related expenses as part of the Group's staff retention initiative;
- (iii) higher travelling expenses in line with increased business activities;
- (iv) lower bank charges and sundry expenses for Japan operations; and
- (v) exchange gain of HK\$0.3 million in FY2024 compared with exchange loss of HK\$0.6 million in FY2023 being recorded.

### Finance costs

Finance costs increased in FY2024 to HK\$5.1 million compared with HK\$4.3 million in FY2023 mainly due to higher interest rates for the Group's HK\$ borrowings. Interest rates of the Group's JPY-denominated loans had remained stable and relatively low.

A weaker JPY during FY2024 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\$2.7 million to HK\$12.6 million in FY2024 in line with higher revenue and a net increase in fair value of the Group's investment properties.

## 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 FY2024 was higher when compared to FY2023 due mainly to higher revenue from corporate finance, asset management and other consultancy services; with the increase offset by higher administrative and operating expenses and finance costs.

	FY2024 HK\$'000	FY2023 HK\$'000
Profit for the year		
attributable to owners of the Company	12,626	9,878
Excluding:		
Net increase in fair value of investment properties	(5,627)	(3,891)
Net of deferred taxation charged	1,979	1,014
Adjusted profit for the year		
attributable to owners of the Company	8,978	7,001

### 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 31 March 2024 HK\$'000	As at 31 March 2023 HK\$'000
Current assets	59,007	38,862
Current liabilities	74,363	75,437
Current ratio (times) <sup>(Note 1)</sup>	0.8	0.5
Total debt	146,700	161,470
Total equity	392,969	422,305
Gearing ratio (%) <sup>(Note 2)</sup>	37.3	38.2

#### 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 HK\$15.4 million as at 31 March 2024 as compared with HK\$36.6 million as at 31 March 2023 as the Group's current assets (such as bank balances and cash, trade receivables and an asset classified as held for sale) were higher as at 31 March 2024 while bank borrowings were lower following progressive repayment. Bank balances and cash was higher as a result of proceeds received from the disposal of Nouvelle 98 and the higher trade receivables were in line with increased business volume. Details of the asset classified as held for sale can be found in the section headed "Events after the reporting period" below.

It is worthwhile to note that while certain bank borrowings of the Group (in particular those in Hong Kong) had contractual maturity of over 12 months as at 31 March 2023 and 2024, 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 has been improved. 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 2023 and 2024 are shown above, which translated into an improved gearing ratio of 38.2% as at 31 March 2023 to 37.3% as at 31 March 2024.

The depreciation of JPY from HK\$5.90 per JPY100 as at 31 March 2023 to HK\$5.17 per JPY100 as at 31 March 2024 had reduced the Group's JPY-denominated assets and liabilities (including debt), and hence equity, in HK\$ terms as at 31 March 2024. In particular, the reduction in debt was also due to the regular loan principal repayments conducted during FY2024.

### ***Cash balance***

As at 31 March 2024, the Group had cash and bank balances amounted to HK\$45.4 million (31 March 2023: HK\$35.7 million) of which HK\$37.9 million (31 March 2023: 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 FY2024, 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 FY2024, a negative exchange difference arising on translation of foreign operations of HK\$43.5 million was recorded during FY2024 (FY2023: negative exchange difference of HK\$29.4 million).

To mitigate risks associated with fluctuations of interest rates for some of the loans in Japan with variable interest rates, the Group had in the past entered into derivative financial instruments as a means to effectively fix the interest rate. Such derivative financial instruments had expired during FY2024, and as at 31 March 2024, there was no such loan outstanding (31 March 2023: HK\$8.5 million).

### ***Bank borrowings***

Total interest bearing loans of the Group decreased from HK\$161.5 million as at 31 March 2023 to HK\$146.7 million as at 31 March 2024. They consisted of borrowings in Hong Kong of HK\$48.0 million (31 March 2023: HK\$50.0 million) and borrowings in Japan of HK\$98.7 million (31 March 2023: HK\$111.5 million). As at 31 March 2024, HK\$78.6 million (31 March 2023: HK\$71.0 million) of interest bearing loans of the Group had variable interest rates.

## OPERATION REVIEW AND FINANCIAL REVIEW

During FY2024, these loans carried fixed and variable interest rates ranging from 1.09% to 7.60% per annum (FY2023: ranging from 0.83% to 6.83% per annum), comprising borrowings in Hong Kong with variable interest rates ranging from 1.80% to 7.60% per annum (FY2023: 1.80% to 6.83% per annum) and borrowings in Japan with fixed and variable interest rates ranging from 1.09% to 2.85% per annum (FY2023: 0.83% 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 and divided by finance costs) for FY2024 was 3.7 times (FY2023: 3.7 times).

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

As at 31 March 2024, (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, Shinoro House GH and Yuinoie Shinkawanishi), had been charged in favour of banks and financial institutions in Hong Kong and Japan for loans facilities granted to the Group.

### Capital commitments

	As at 31 March 2024 HK\$'000	As at 31 March 2023 HK\$'000
Capital expenditure in respect of acquisition of investment properties contracted for but not provided in the consolidated financial statements	8,375	10,620

### Contingent liabilities

As at 31 March 2024, the Group did not have any significant contingent liabilities (31 March 2023: nil).

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

During FY2024, the Company did not conduct any material acquisition and disposal of subsidiaries, associates and joint ventures.

### Future plans for material investments and capital assets

On 20 December 2023, the Group entered into a sale and purchase agreement (through Godo Kaisha Bohol, the TK Operator of a TK Arrangement under Smart Tact Property Investment Limited which is owned as to 90% by the Company indirectly and 10% by Mr. Henry Shih (“**Mr. Shih**”) to acquire a residential property in Sapporo City, Japan for a cash consideration of JPY180.0 million (equivalent to HK\$9.8 million). It is expected that the acquisition will be funded by the Group’s existing financial resources and bank borrowings, as well as contribution from Mr. Shih according to his 10% effective equity interest. The completion of the acquisition is scheduled on 1 November 2024. For details of the acquisition, please refer to the announcements of the Company dated 20 December 2023 and 1 March 2024.

Saved as disclosed in the above and this Annual Report, the Group did not have any plan for material investments and capital assets as at 31 March 2024.



## OPERATION REVIEW AND FINANCIAL REVIEW

### Events after the reporting period

As set out in the announcement of the Company dated 13 March 2024, the Group entered into a sale and purchase agreement (through Yugen Kaisha Hourei, the TK Operator of a TK Arrangement under Starich Resources Limited which is indirectly wholly owned by the Company) to dispose Wisteria-S, an investment property in Sapporo City, Japan for a cash consideration of JPY178.0 million (equivalent to approximately HK\$9.2 million). The investment property which is expected to be sold within twelve months, has been classified as assets held for sale and disclosed under current assets in the consolidated statement of financial position at its fair value of approximately JPY172.4 million (equivalent to approximately HK\$8.9 million). On 19 April 2024, the aforesaid disposal was completed.

### 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, asset management 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, asset management 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, consulting and asset management

Our practical approach of being competitive in terms of fee as necessary while providing high quality work had allowed the Group to maintain a leading market position in regulatory-driven 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.

We have also made encouraging progress in special situation consulting work as we strived to establish our brand name and presence in the area of litigation support and merger and acquisition consulting.

Looking ahead, there has been uptick of both IPOs and privatisation activities in the Hong Kong stock market in recent months, giving mixed signals on the perception of HKEx as a preferred destination for listing and fund raising. We are nevertheless confident of Hong Kong's historical role as an intermediary between China and the global community and will adapt and adjust our business strategy.

We had undertaken over 80 regulatory-driven financial advisory work in each of the past two years and will continue to affirm our position in this area. Such projects are however typically of lower monetary value for each engagement and have shorter project time frame. The level of activities is also, to a large extent, dependent on market sentiment and susceptible to intense price competition, resulting in fluctuations in the Group's potential revenue stream from period to period.

#### Proprietary investments

##### *Hong Kong*

The existing tenancy of the investment property in Central, Hong Kong will end in July 2024. Market research on offices in Central area points towards an oversupply situation which has adversely affected both rental rate and occupancy rate. The Group will have to adopt a practical approach when seeking new tenant for this investment property by offering competitive leasing terms.

##### *Japan*

The interest rate differential between JPY and other major currencies has resulted in significant depreciation in the value of JPY in the past year. The Japanese economy is however fundamentally sound, spurred by among others, a revived tourism industry and its growing significance in the global semiconductor value chain. The Japan real estate market has also continued its growth path, as reflected in the general increase in fair value of the Group's portfolio.

In the coming year, the Group plans to continue with its portfolio optimisation plan of (i) disposing of less optimal properties such as those which have lower redevelopment potential; (ii) refurbishing or redeveloping older properties that sit on prime land; and (iii) acquisitions of properties with stable operations and capital appreciation potential. Subject to availability of financial resources, the Group will continue to look out for opportunities amidst this buoyant market.

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 C1 to the GEM Listing Rules during FY2024. During FY2024, 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 FY2024 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 FY2024, 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 FY2024.



## 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 2023 and six months ended 30 September 2023;
- (b) reviewed the audited financial statements for FY2023 and FY2024;
- (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 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 FY2024 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	4/5
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.

In FY2024, the Remuneration Committee had performed the works (i) to consider the bonus payments and remuneration package for the Directors and senior management, (ii) to review the remuneration policy and structure of the Directors and senior management, (iii) to review termination of the Share Option Scheme and then adoption of the 2023 Share Scheme, (iv) to review the grant of share awards under the 2023 Share Scheme, and (v) to determine remuneration package of the Directors and senior management.

Two Remuneration Committee meetings were held during FY2024. 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> )	2/2
Mr. Chao Tien Yo	2/2
Mr. Chan Sun Kwong	2/2
Mr. Arnold Ip Tin Chee	2/2

## 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 FY2024 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.

For FY2024 and as at the date of this Annual Report, the Board consists of five (5) male members and one (1) female member. The Nomination Committee considered that the Board was sufficiently diverse in terms of gender, background and experience, thus the Board had not set any measurable objectives.

### DIVERSITY IN WORKFORCE

During FY2024, among all the employees (including senior management) of the Group, male employees accounted for 55.6% and female employees accounted for 44.4%. The Group believes that the gender ratio of employees is within the reasonable range.

### 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, one executive Director and one independent non-executive Director, being Ms. Leung Churk Yin Jeanny and Mr. Chan Sun Kwong respectively, 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 FY2024 is set out below:

<b>Name of Directors</b>	<b>Attendance/No. of Meetings</b>
Mr. Arnold Ip Tin Chee ( <i>Chairman</i> )	9/9
Mr. Chang Sean Pey	9/9
Ms. Leung Churk Yin Jeanny	9/9
Mr. Chao Tien Yo	8/9
Mr. Chan Sun Kwong	9/9
Mr. Lee Shu Yin	7/9

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 2023 at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong. The attendance record of each Directors at the above general meetings during FY2024 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	0/2
Mr. Chan Sun Kwong	2/2
Mr. Lee Shu Yin	0/2



## 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 FY2024, 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.

Ms. Sung Yuen Na, the company secretary of the Company since 3 January 2024, 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 FY2024 is set out as follows:

<b>Services rendered</b>	<b>HK\$</b>
Audit service	660,000
Non-audit services <sup>(Note)</sup>	44,900
<b>Total</b>	<b>704,900</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.





## CORPORATE GOVERNANCE REPORT

### DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements for FY2024 which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements for FY2024, 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 2024, 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:

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

### 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 [www.altus.com.hk](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 requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(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.

The Company has in place a shareholders communication policy to make available on the website of the Stock Exchange and the Company in respect of information published by the Company to and for the Shareholders and potential investors to communicate with the Company at general meetings or put forward enquiries, direct questions, and request for publicly available information.

During FY2024, the Board has reviewed the implementation and effectiveness of the shareholders' communication policy. Having considered the steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication in place, the Board is of the view that the shareholders' communication policy has been properly implemented during FY2024 and is effective.



## CORPORATE GOVERNANCE REPORT

### CONSTITUTIONAL DOCUMENTS

On 8 August 2023, the Shareholders had approved the adoption of the second amended and restated memorandum of association of the Company and the Articles to (i) reflect the amendments made to the GEM Listing Rules and the applicable laws of Cayman Islands; and (ii) to make other consequential and housekeeping changes. For details, please refer to the Company's circular dated 30 June 2023.

A copy of the second 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.

Save as disclosed herein, during FY2024, no change was made to the constitutional documents of the Company.

### 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 FY2024, 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 61, 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 Limited (“Altus Capital”), a wholly-owned subsidiary of the Company 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
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 (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 52, 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 59, 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. Ms. Leung 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. She is a fellow member of the Hong Kong Securities and Investment Institute. 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 (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 69, 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 57, 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 57, 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 company listed on the Stock Exchange, as set out below:

Company	Principal business during tenure	Position	Period
Asiasec Properties Limited (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 60, 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:

Company	Principal business during tenure	Position	Period
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 35, joined our Group in September 2011 and serves as a partner of our Group. 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 holds a Master degree of Business Administration from the Global EMBA programme by China Europe International Business School in Shanghai, China and 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), Type 4 (advising on securities) and Type 9 (asset management) regulated activities 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 39, joined our Group in October 2014 and serves as a partner of our Group. He acted as our company secretary during the period from 27 March 2023 to 3 January 2024. 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), Type 4 (advising on securities) and Type 9 (asset management) regulated activities as a licensed representative under the SFO.

**Ms. Sung Yuen Na (宋婉娜) (“Ms. Sung”)**, aged 45, joined us in April 2023 as a financial controller and also appointed as our company secretary on 3 January 2024. Ms. Sung is responsible for overseeing the finance and accounting functions and company secretarial matters of the Group. Ms. Sung obtained a degree Bachelor of Science in Mathematics and a degree of Master of Science in Finance both from The Chinese University of Hong Kong in December 2004 and November 2018 respectively. Ms. Sung has been a member of the Hong Kong Institute of Certified Public Accountants since October 2015 and has obtained the Certification of Financial Risk Manager from The Global Association of Risk Professionals in November 2021. Prior to joining our Group, Ms. Sung served as the head of finance for several SFC licensed corporations under a foreign bank for three years and had around twelve years of experience in accounting, auditing and corporate governance.

### COMPANY SECRETARY

**Ms. Sung (宋婉娜)** is our company secretary. For details of her background, please refer to the paragraph headed “Senior Management” above.

### 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 FY2024.

### 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 FY2024.

### 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 FY2024, 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 FY2024 are set out in the section headed “Consolidated statement of profit or loss and other comprehensive income” of this Annual Report.

At a meeting held on 27 June 2024, the Board proposed to recommend to the AGM on 8 August 2024 a final dividend of Hong Kong 0.08 cent per ordinary share for the year ended 31 March 2024 amounting to HK\$655,440. This proposed final dividend is not reflected as a dividend payable in these financial statements, but will be reflected in the movement of retained profits for the year ending 31 March 2025.

The Board recommends a final dividend of Hong Kong 0.08 cent (2023: nil) per share of the Company for the year ended 31 March 2024. The proposed final dividend, if approved at the forthcoming AGM, will be payable on Wednesday, 25 September 2024 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 4 September 2024. Shares of the Company will be traded ex-dividend as from Wednesday, 28 August 2024.

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.



## DIRECTORS' REPORT

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

The forthcoming AGM will be held at 11:00 a.m. on Thursday, 8 August 2024. The register of members of the Company will be closed from Friday, 2 August 2024 to Thursday, 8 August 2024 (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 Thursday, 1 August 2024.

The register of members of the Company will also be closed from Friday, 30 August 2024 to Wednesday, 4 September 2024, both days inclusive, during which period no transfer of shares will be registered. Subject to the approval by the Shareholders of the proposed final dividend at the AGM, the final dividend will be paid on Wednesday, 25 September 2024 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 4 September 2024. For the entitlement to the proposed final dividend, 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, no later than 4:30 p.m. on Thursday, 29 August 2024.

### 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 is 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 FY2024 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 2024 are set out on pages 136 to 138.

### INVESTMENT PROPERTIES

The investment properties were revalued at 31 March 2024 and a fair value change of HK\$6.1 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 FY2024 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.

### DISTRIBUTABLE RESERVES

As at 31 March 2024, the distributable reserves of the Company amounted to HK\$90.9 million (2023: HK\$92.5 million).

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

During FY2024, 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

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, one executive Director and one independent non-executive Director, namely Ms. Leung Chuk Yin Jeanny and Mr. Chan Sun Kwong respectively, 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' REPORT

### 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 FY2024 and such permitted indemnity provision for the benefits of the Directors is currently in force.

### 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 FY2024.

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 FY2024.

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 FY2024.

### 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 2024, the Group had 18 staff (31 March 2023: 15). The remuneration policy of the Group takes into consideration the relevant Director’s or member of senior management’s duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, our profit of the Group as a whole and comparable market levels. Apart from salary payments, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

### RETIREMENT BENEFITS PLAN

Details of the retirement benefits plan of the Group are set out in note 30 to the audited consolidated financial statements of this Annual Report.

### 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 FY2024 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 2024, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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)	68.01
	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)	2.73
Ms. Leung	Beneficial owner	9,400,000 (L)	1.15

#### Notes:

1. KHHL is deemed to be interested in 557,200,000 shares of the Company in long position through its wholly-owned subsidiary, Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan 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 2024, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations” above and “Share Option Scheme and 2023 Share Scheme” below, at no time during FY2024 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

## 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 2024, 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)	68.01
KHHL <sup>(Note 2)</sup>	Interest in a controlled corporation	557,200,000 (L)	68.01
The Trustee <sup>(Note 2)</sup>	Trustee	557,200,000 (L)	68.01
Ms. Chan <sup>(Note 2)</sup>	Founder of a discretionary trust	557,200,000 (L)	68.01
	Beneficial owner	1,250,000 (L)	0.15
Mr. Ip <sup>(Note 2)</sup>	Beneficiary of a trust	557,200,000 (L)	68.01
	Beneficial owner	1,250,000 (L)	0.15
	Interest of spouse	1,250,000 (L)	0.15
Ms. Ip <sup>(Note 2)</sup>	Beneficiary of a trust	557,200,000 (L)	68.01
	Beneficial owner	1,250,000 (L)	0.15
Ms. Ho <sup>(Note 3)</sup>	Interest of spouse	558,450,000 (L)	68.16
	Beneficial owner	1,250,000 (L)	0.15
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.40

#### 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 2024, had or deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## SHARE OPTION SCHEME AND 2023 SHARE SCHEME

### Share Option Scheme

The share option scheme approved and adopted by the Company through shareholder resolution passed on 26 September 2016 (the "Share Option Scheme") for the Group to attract, retain and motivate talented persons to strive for future developments and expansion of the Group with expiry on 26 September 2026 was terminated by the Company at the extraordinary general meeting held on 8 August 2023 with effect from the date of adoption of the 2023 Share Scheme.

During FY2024, no share options were granted by the Company and there was no share option outstanding under the Share Option Scheme as at 31 March 2024.





## DIRECTORS' REPORT

### 2023 Share Scheme

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

The maximum number of shares which may be issued pursuant to the vesting of the awarded shares and upon exercise of all share options may be granted at any time under the 2023 Share Scheme together with other options which may be granted under any other share option schemes for the time being of the Company shall not exceed 81,250,000 shares, representing 10% of the shares in issue as at the Adoption Date of the 2023 Share Scheme unless the Company obtains a fresh approval from the Shareholders. As at the date of this Annual Report, the total number of shares available for issue under the 2023 Share Scheme is 67,730,000 shares, representing approximately 8.3% of the issued shares of the Company.

The total number of shares issued and to be issued in respect of all share options and share awards granted to each Employee Participant (excluding any share options and share awards lapsed in accordance with the terms of the 2023 Share Scheme) in any 12-month period must not exceed 1% of the shares in issue. Where any further grant of share options or share awards to an Employee Participant would result in the shares issued and to be issued upon exercise of all share options and pursuant to the vesting of the awarded shares granted to such Employee Participant (excluding any share options and share awards lapsed in accordance with the terms of the 2023 Share Scheme) in the 12-month period up and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Employee Participant and his close associates (or his associates if the Employee Participant is a connected person) abstaining from voting.

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

Share options granted during the life of the 2023 Share Scheme shall continue to be exercisable in accordance with their terms of grant after the date of the 10-year period from the grant. Share awards granted during the life of the 2023 Share Scheme shall continue to be valid in accordance with their terms of grant after the date of the 10-year period from the grant.



## DIRECTORS' REPORT

The vesting period for share options or share awards shall normally not be less than 12 months. Share options or share awards granted to Employee Participants may be subject to a shorter vesting period under circumstances where they are grants that relate to past contributions that form part of a larger bonus package that takes into account such contributions made and potential contributions.

An offer of an option shall be deemed to have been accepted by an Employee Participant concerned in respect of all shares which are offered to such Employee Participant when the duplicate of the relevant offer letter comprising acceptance of the share option duly signed by the Employee Participant with the number of shares in respect of which the offer is accepted stated therein, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within twenty-eight (28) days from the offer date.

A share award shall be deemed to have been accepted by an Employee Participant concerned in respect of all shares which are offered to such Employee Participant when the duplicate of the relevant award letter comprising acceptance of the share award duly signed by the Employee Participant with the number of awarded shares stated therein within twenty-eight (28) days from the date of granting the share award. No payment is required for the acceptance of the share award by the Employee Participants.

The exercise price of the share options shall, subject to any adjustments made, be determined at the discretion of the Board at its sole discretion, provided that it shall be no less than the highest of: (i) the closing price of the share on the Stock Exchange as shown in the daily quotations sheet on the Stock Exchange on the offer date, which must be a business day; (ii) the average of the closing prices of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of the share on the offer date.

During FY2024, no share options were granted by the Company and there was no share option outstanding under the 2023 Share Scheme as at 31 March 2024.

## DIRECTORS' REPORT

During FY2024, the share awards granted by the Company under the 2023 Share Scheme and outstanding as at 31 March 2024 are set out as follows:

Date of Grant	Grantees	Notes	Vesting Date	Purchase Price and Performance Targets	Unvested as at 1 April 2023	Number of respective shares awarded					
						Granted during FY2024	Vested during FY2024	Cancelled during FY2024	Lapsed During FY2024	Unvested as at 31 March 2024	
8 August 2023	Seven Employee Participants	1, 2, 3 and 4	To be vested by part on 30 September 2023, 31 December 2023, and 31 December 2024	-	-	10,360,000	4,880,000	-	-	5,480,000	
(the "August 2023 Selected Employees Grant")											
22 December 2023	Eight Employee Participants	1, 2 and 3	To be vested by part on 30 June 2024 and 31 December 2024	-	-	3,160,000	-	-	-	3,160,000	
(the "December 2023 Selected Employees Grant")											
						-	13,520,000	4,880,000	-	-	8,640,000

### Notes:

- Grantees are employees of the Group. None of the Grantees is (i) a director, chief executive or substantial shareholder of the Company, or an associate (as defined under the GEM Listing Rules) of any of them; (ii) a participant with options and awards granted and to be granted exceeding 1% individual limit under the GEM Listing Rules; or (iii) a related entity participant or service provider of the Company.
- The closing price of the shares immediately before the Date of Grant for the August 2023 Selected Employees Grant and the December 2023 Selected Employees Grant were HK\$0.141 and HK\$0.123 respectively.
- The fair value of share awards at the Date of Grant for the August 2023 Selected Employees and the December 2023 Selected Employees Grant were HK\$1,461,000 and HK\$389,000 respectively. The accounting standard and policy adopted for the fair value was made in accordance with HKFRS 2 Share-based Payment issued by HKICPA.
- For the August 2023 Selected Employees Grant, the weighted average closing price of the shares immediately before the vesting date of 30 September 2023 and 31 December 2023 were HK\$0.149 and HK\$0.123 respectively.

## DIRECTORS' REPORT

The number of options and shares available for grant under the 2023 Share Scheme at the beginning and the end of FY2024 were nil and 67,730,000 shares respectively.

The number of shares that may be issued in respect of options and awards granted under all schemes of the Company during FY2024 was 13,520,000 shares, representing approximately 1.7% of the weighted average number of shares of the relevant class in issue for FY2024 of 814,131,000 shares.

### SHARE AWARDS GRANTED UNDER SEPARATE SHAREHOLDERS' APPROVAL IN GENERAL MEETING HELD ON 8 AUGUST 2022 AND PRIOR TO THE ADOPTION OF THE 2023 SHARE SCHEME

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

Date of deed/letter of grant	Grantee(s)	Notes	Number of new shares of the Company awarded	Number of respective shares awarded			
				Vested and issued, and lapsed as at 1 April 2023	Vested and issued during FY2024	Lapsed during FY2024	To be vested and issued as at 31 March 2024
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, 2	1,920,000 (the "2022 Connected Grant") 3,820,000 (the "2022 Selected Employees Grant")	960,000 2,700,000	960,000 960,000	- 160,000	- -
			5,740,000	3,660,000	1,920,000	160,000	-

*Notes:*

- 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 the extraordinary general meeting of the Company held on 8 August 2022.
- Both of two then executive directors of a wholly-owned subsidiary of the Group relinquished such directorship on 5 July 2023.



## DIRECTORS' REPORT

### EQUITY-LINKED AGREEMENTS

Save as “Share Option Scheme and 2023 Share Scheme” and “Share Awards granted under separate Shareholders’ approval in general meeting held on 8 August 2022 and prior to the adoption of the 2023 Share Scheme” 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 FY2024.

### CONNECTED TRANSACTIONS

During FY 2024, the Group had not entered into any transactions constituting connected transactions (including continuing connected transactions) which are subject to the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules

A summary of the related party transactions entered into by the Group during FY2024 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 FY2024 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.

### 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 FY2024 were corporate finance, asset management and other consultancy services clients and they in aggregate accounted for HK\$8.6 million (FY2023: HK\$4.9 million), representing 16.6% (FY2023: approximately 10.3%) of the total revenue of the Group. The largest customer of the Group for FY2024 accounted for HK\$3.1 million or 5.9% 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 FY2024, the Group leased an office unit in Hong Kong to one independent third party under a lease agreement. During FY2024, the aggregate rental revenue received from this party accounted for approximately 2.8% of total revenue (FY2023: 3.0%).

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 FY2024, services obtained from the largest supplier and the five largest suppliers of the Group accounted for approximately 5.7% and 13.5% of property expenses respectively, as compared with approximately 6.0% and 14.1% for FY2023.

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 5.0% 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 FY2024, nil donation (FY2023: nil) was made by the Group.

### EVENTS AFTER THE REPORTING PERIOD

As set out in the announcement of the Company dated 13 March 2024, the Group entered into a sale and purchase agreement (through Yugen Kaisha Hourei, the TK Operator of a TK Arrangement under Starich Resources Limited which is indirectly wholly owned by the Company) to dispose an investment property in Sapporo City, Japan for a cash consideration of JPY178.0 million (equivalent to approximately HK\$9.2 million). The investment property which is expected to be sold within twelve months, has been classified as assets held for sale and disclosed under current assets in the consolidated statement of financial position at its fair value of approximately JPY172.4 million (equivalent to approximately HK\$8.9 million). On 19 April 2024, the aforesaid disposal was completed.

### 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 FY2024 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, 27 June 2024



## 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 55 to 135, which comprise the consolidated statement of financial position as at 31 March 2024, 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 material accounting policy information.

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 2024, 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 69.

#### The key audit matter

The directors of the Company have estimated the fair value of the Group's investment properties amounted to approximately HK\$485,805,000 as at 31 March 2024 with a net increase in fair value of investment properties of approximately HK\$6,093,000 recorded in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2024. 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

27 June 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	9	51,983	47,791
Other income	11	615	675
Net increase in fair value of investment properties	19	6,093	3,891
Changes in fair value of derivative financial liabilities		(1)	17
Property expenses		(9,861)	(10,024)
Administrative and operating expenses		(23,968)	(22,541)
Share of results of an associate		57	14
Finance costs	12	(5,136)	(4,299)
Profit before tax		19,782	15,524
Income tax expense	13	(6,285)	(4,750)
Profit for the year	14	13,497	10,774
<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		(43,529)	(29,451)
Share of translation reserve of an associate		(45)	(30)
<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")		(432)	(323)
Other comprehensive expense for the year		(44,006)	(29,804)
Total comprehensive expense for the year		(30,509)	(19,030)
Profit for the year attributable to:			
Owners of the Company		12,626	9,878
Non-controlling interests		871	896
		13,497	10,774
Total comprehensive expense for the year attributable to:			
Owners of the Company		(29,438)	(18,920)
Non-controlling interests		(1,071)	(110)
		(30,509)	(19,030)
Earnings per share based on profit attributable to owners of the Company (HK cent)	17		
– Basic		1.55	1.22
– Diluted		1.55	1.22



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	18	37,413	38,397
Investment properties	19	485,805	547,567
Interest in an associate	20	407	395
Financial assets at fair value through other comprehensive income	21	727	1,159
Club memberships		1,699	1,702
Deferred tax asset	27	189	1,132
Deposit paid for acquisition of investment property		931	590
Prepayment	22	122	216
		<b>527,293</b>	<b>591,158</b>
<b>Current assets</b>			
Trade and other receivables	22	4,543	3,088
Deposits placed in financial institutions	23	164	116
Bank balances and cash	23	45,387	35,658
Assets classified as held for sale		8,913	–
		<b>59,007</b>	<b>38,862</b>
<b>Current liabilities</b>			
Trade and other payables	24	11,339	10,548
Tax payable		6,848	5,729
Secured bank borrowings	25	56,176	59,160
		<b>74,363</b>	<b>75,437</b>
<b>Net current liabilities</b>		<b>(15,356)</b>	<b>(36,575)</b>
<b>Total assets less current liabilities</b>		<b>511,937</b>	<b>554,583</b>
<b>Non-current liabilities</b>			
Secured bank borrowings	25	90,524	102,310
Derivative financial instruments	26	–	53
Other payables – tenant deposits – over 1 year	24	835	1,033
Deferred tax liabilities	27	27,609	28,882
		<b>118,968</b>	<b>132,278</b>
		<b>392,969</b>	<b>422,305</b>
<b>Capital and reserves</b>			
Share capital	28	8,193	8,125
Reserves		371,843	400,008
<b>Equity attributable to owners of the Company</b>		<b>380,036</b>	<b>408,133</b>
<b>Non-controlling interests</b>		<b>12,933</b>	<b>14,172</b>
		<b>392,969</b>	<b>422,305</b>

The consolidated financial statements on pages 55 to 135 were approved and authorised for issue by the board of directors on 27 June 2024 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 2024

	Share capital HK\$'000	Share premium (note i) HK\$'000	Other reserve (note ii) HK\$'000	Investment revaluation reserve HK\$'000	Shareholder contribution (note iii) HK\$'000	Share awards reserve (note iv) HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2023	8,125	74,302	98,819	(957)	11,319	151	(80,670)	297,044	408,133	14,172	422,305
Profit for the year	-	-	-	-	-	-	-	12,626	12,626	871	13,497
Other comprehensive expense for the year	-	-	-	(432)	-	-	-	-	(432)	-	(432)
- Change in fair value of financial assets at FVTOCI	-	-	-	(432)	-	-	-	-	(432)	-	(432)
- Share of translation reserve of an associate	-	-	-	-	-	-	(45)	-	(45)	-	(45)
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(41,587)	-	(41,587)	(1,942)	(43,529)
	-	-	-	(432)	-	-	(41,632)	-	(42,064)	(1,942)	(44,006)
Total comprehensive (expense) income for the year	-	-	-	(432)	-	-	(41,632)	12,626	(29,438)	(1,071)	(30,509)
Vested shares for share awards (note 35)	68	920	-	-	-	(988)	-	-	-	-	-
Share based payment (note 35)	-	-	-	-	-	1,341	-	-	1,341	-	1,341
Dividends paid to non-controlling shareholders by subsidiaries	-	-	-	-	-	-	-	-	-	(168)	(168)
At 31 March 2024	8,193	75,222	98,819	(1,389)	11,319	504	(122,302)	309,670	380,036	12,933	392,969

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium (note i) HK\$'000	Treasury stock HK\$'000	Other reserve (note ii) HK\$'000	Investment revaluation reserve HK\$'000	Shareholder contribution (note iii) HK\$'000	Share awards reserve (note iv) HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2022	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	(937)	11,319	151	(80,670)	297,044	408,133	14,172	422,305

## Notes:

- (i) Share premium represents (i) the difference between the shareholders' contribution and the issued capital; (ii) the difference between the consideration paid for repurchase of shares of the Company and the reduction of share capital; and (iii) the difference between the increase in share capital and the deduction of share awards reserve at the date of shares being vested. The share premium is distributable.
- (ii) Other reserve mainly includes (i) the difference between the nominal value of the issued share capital of the Company and its subsidiaries and the net assets value of the subsidiaries of the Group, upon completion of the group reorganisation on 26 September 2016; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received arising from changes in the 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 2024

	2024 HK\$'000	2023 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	19,782	15,524
Adjustments for:		
Finance costs	5,136	4,299
Bank interest income	(240)	(89)
Impairment loss (reversal of impairment loss) of trade receivables, net	41	(23)
Depreciation of property, plant and equipment	1,027	1,022
Share based payments	1,341	897
Changes in fair value of derivative financial liabilities	1	(17)
Share of results of an associate	(57)	(14)
Government grants	(280)	(496)
Gain on disposal of an investment properties	(31)	–
Net increase in fair value of investment properties	(6,093)	(3,891)
Dividend income from financial assets at FVTOCI	(48)	(67)
Operating cash flows before movements in working capital	20,579	17,145
(Increase) decrease in trade and other receivables	(1,568)	843
Increase (decrease) in trade and other payables	1,051	(364)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>20,062</b>	<b>17,624</b>
Income tax paid	(1,404)	(717)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>18,658</b>	<b>16,907</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investment properties	(11,936)	(5,369)
Proceeds from disposal of investment property	12,387	–
Deposit paid for acquisition of investment property	(931)	(579)
Purchase of property, plant and equipment	(43)	(14)
Dividends received from financial assets at FVTOCI	48	67
Interest received	275	89
Proceeds from cancellation of club memberships	–	12
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(200)</b>	<b>(5,794)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	2024 HK\$'000	2023 HK\$'000
<b>FINANCING ACTIVITIES</b>		
Repayments of borrowings	(16,542)	(40,080)
Interest paid	(5,016)	(4,027)
Dividends paid	(168)	(172)
New borrowings raised	16,434	35,328
Government grants received	280	496
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(5,012)</b>	<b>(8,455)</b>
Net increase in cash and cash equivalents	13,446	2,658
Cash and cash equivalents at the beginning of the year	35,774	34,659
Effect of foreign exchange rate changes	(3,669)	(1,543)
<b>Cash and cash equivalents at the end of the year</b>	<b>45,551</b>	<b>35,774</b>
Analysis of components of cash and cash equivalents:		
Deposits placed in financial institutions	164	116
Bank balances and cash	45,387	35,658
	<b>45,551</b>	<b>35,774</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 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, asset management 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-Heccico 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\$.

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

### Going Concern

Notwithstanding that the Group has incurred net current liabilities of approximately HK\$15,356,000 as at 31 March 2024, the consolidated financial statements as at 31 March 2024 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\$52,988,000 as at 31 March 2024.

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 2024. 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 2024 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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 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 new and 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 2023:

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

Except as described below, the application of the new and 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.

#### **Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies**

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group’s financial performance and positions, but has affected the disclosures of accounting policies as set out in note 4.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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

#### Amendments to HKFRSs issued but not yet effective

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

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 HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</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>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<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 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 2024

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

#### **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 2024, 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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION

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 material accounting policies are set out below.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structure entity) 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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which includes 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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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, asset management 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.

Asset management services income is recognised over time when the relevant services have been rendered.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit at the time of the transaction does not give rise to equal taxable and deductible temporary differences.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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.

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **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).

#### **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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 and intangible assets 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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 (including structure entity) 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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 there has been a significant increase in credit risk since initial recognition, in which case 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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 debtor 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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 2024

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(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 2024

### 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 2024 and 2023.

#### ***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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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

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

##### ***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.

##### ***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 2024 was approximately HK\$485,805,000 (2023: HK\$547,567,000). Details of assumptions used are disclosed in note 19.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 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, 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 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 7. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets</b>		
Financial assets at FVTOCI	727	1,159
Financial assets at amortised cost (including cash and cash equivalents)	48,943	37,550
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	157,131	171,194
Derivative financial liabilities	–	53

### 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 2024

## 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:

	2024 HK\$'000	2023 HK\$'000
JPY	7,022	6,299

#### Sensitivity analysis

The Group is mainly exposed to the currency of JPY.

The following table details the Group's sensitivity to a 10% (2023: 10%) increase and decrease in HK\$ against JPY. The 10% (2023: 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% (2023: 10%) change in foreign currency rates.

A positive number below indicates an increase in post-tax profit where HK\$ weakening 10% (2023: 10%) against the relevant currency. For a 10% (2023: 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 2024

## 7. FINANCIAL INSTRUMENTS *(Continued)*

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

#### *Market risk (Continued)*

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

Sensitivity analysis *(Continued)*

	JPY	
	2024	2023
	HK\$'000	HK\$'000
Profit or loss	702	630

##### *(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 2024

### 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 (2023: 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 (2023: 100 basis points) higher or lower and all other variables held constant, the Group's post-tax profit for the year ended 31 March 2024 would decrease or increase by approximately HK\$503,000 (2023: HK\$557,000). 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 2024 and 2023, if the price of the respective listed equity instruments held had been 10% higher/lower, investment revaluation reserve as at 31 March 2024 would increase/decrease by approximately HK\$73,000 (2023: HK\$101,000) 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 2024

### 7. FINANCIAL INSTRUMENTS *(Continued)*

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

##### *Credit risk*

As at 31 March 2024 and 2023, 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 2024 and 2023, 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 2024

## 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 2024

### 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 2024, the Group's concentration of credit risk by geographical locations is in Hong Kong, which accounted for 97% (2023: 99%) of total trade receivables.

As at 31 March 2024, the Group has concentration of credit risk as 50% (2023: 43%) of the total trade receivables was due from the five largest customers of the Group within the Advisory, consulting and asset management segment. As at 31 March 2024, approximately HK\$1.1 million, representing 35% (2023: nil) of the total trade receivables, was due from the Group's largest customer (2023: nil).

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

##### *Liquidity risk*

As at 31 March 2024, the Group is exposed to liquidity risk as the Group has net current liabilities of approximately HK\$15,356,000 (2023: HK\$36,575,000). 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 2024 and 2023.

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 2024

## 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 or within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2024						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	9,596	835	–	–	10,431	10,431
Secured bank borrowings	57,932	9,269	24,327	70,829	162,357	146,700
	67,528	10,104	24,327	70,829	172,788	157,131
<b>Derivatives – net settlement</b>						
Interest rate swaps	–	–	–	–	–	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 7. FINANCIAL INSTRUMENTS (Continued)

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

#### Liquidity risk (Continued)

#### Liquidity tables (Continued)

	On demand or within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>At 31 March 2023</b>						
<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

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 2024, the aggregate undiscounted principal amounts of these secured bank borrowings amounted to approximately HK\$48,012,000 (2023: HK\$50,021,000). 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\$60,501,000 (2023: HK\$61,450,000).

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 2024

### 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 2024 HK\$'000	31 March 2023 HK\$'000			
<b>Financial assets at FVTOCI</b>					
Listed equity securities	727	1,011	Level 1	Quoted bid prices in active market	N/A
Unlisted equity investment (note)	–	148	Level 3	By reference to the capitalised income/profit derived from existing operation	Income/profit
<b>Financial liabilities at FVTPL</b>					
Derivative financial liabilities	–	53	Level 2	Quoted from banks using discounted cash flows with observable forward interest rates from the market	Future cash flows

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 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 2022	309
Decrease in fair value	(161)
At 31 March 2023 and 1 April 2023	148
Decrease in fair value	(148)
At 31 March 2024	–

During the year ended 31 March 2024, the decrease in fair value recognised in other comprehensive income of approximately HK\$148,000 (2023: decrease in fair value of approximately HK\$161,000) 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 2024 and 2023.

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 2024

## 9. REVENUE

Revenue represents revenue arising from provision of corporate finance, asset management 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:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15 Corporate finance, asset management and other consultancy services income (note 10)	21,876	16,330
Revenue from other source Rental income for investment properties under operating leases – fixed lease payments (note)	30,107	31,461
	<b>51,983</b>	<b>47,791</b>

Revenue generated from provision of corporate finance, asset management and other consultancy services during the years ended 31 March 2024 and 2023 are recognised over time.

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

	2024 HK\$'000	2023 HK\$'000
Gross rental income from investment properties	30,107	31,461
Direct operating expenses incurred for investment properties that generated rental income during the year (included in property expenses)	(9,861)	(10,024)
Net rental income	<b>20,246</b>	<b>21,437</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 2024 and 2023 and the expected timing of recognition are, as follow:

	2024 HK\$'000	2023 HK\$'000
Within one year	1,955	2,123
More than one year	120	75
	<b>2,075</b>	<b>2,198</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 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. Reportable segments in the name of “Advisory and consulting” has been modified as “Advisory, consulting and asset management” for FY2024 in line with business development of the Group.

Specifically, the Group’s reportable segments are as follows:

- (i) Advisory, consulting and asset management – provision of (i) regulatory-driven services under corporate finance including sponsorship, financial advisory, compliance advisory and equity capital market consulting; (ii) special situations consulting; and (iii) asset management, and other investment and 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 2024

	Advisory, consulting and asset management HK\$’000	Proprietary investments HK\$’000	Total HK\$’000
<b>REVENUE</b>			
External revenue and segment revenue	21,876	30,107	51,983
<b>RESULT</b>			
Segment profit	12,630	22,149	34,779
Other income and expenses, net			(12,154)
Share of results of an associate			57
Finance costs			(2,900)
Profit before tax			19,782

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 10. SEGMENT INFORMATION *(Continued)*

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

For the year ended 31 March 2023

	Advisory, consulting and asset management HK\$'000	Proprietary investments HK\$'000	Total 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

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 2024

## 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*

	2024 HK\$'000	2023 HK\$'000
Advisory, consulting and asset management	3,292	1,623
Proprietary investments	497,531	550,625
<b>Total segment assets</b>	<b>500,823</b>	<b>552,248</b>
Unallocated	85,477	77,772
<b>Total assets</b>	<b>586,300</b>	<b>630,020</b>

#### *Segment liabilities*

	2024 HK\$'000	2023 HK\$'000
Advisory, consulting and asset management	1,193	545
Proprietary investments	115,305	121,610
<b>Total segment liabilities</b>	<b>116,498</b>	<b>122,155</b>
Unallocated	76,833	85,560
<b>Total liabilities</b>	<b>193,331</b>	<b>207,715</b>

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 2024

## 10. SEGMENT INFORMATION (Continued)

### Other segment information

	Advisory, consulting and asset management		Proprietary investments		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'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)	–	–	13,457	5,948	43	14	13,500	5,962
Gain on disposals from non-current assets	–	–	(31)	–	–	–	(31)	–
Net increase in fair value of investment properties	–	–	(6,093)	(3,891)	–	–	(6,093)	(3,891)
Impairment loss (reversal of impairment loss) of trade receivables, net	–	–	41	(23)	–	–	41	(23)
Finance costs	–	–	2,236	2,392	2,900	1,907	5,136	4,299
Dividend income from financial assets at FVTOCI	–	–	(48)	(67)	–	–	(48)	(67)

	Advisory, consulting and asset management		Proprietary investments		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'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	–	–	–	–	(240)	(89)	(240)	(89)
Changes in fair value of derivative financial liabilities	–	–	–	–	(1)	(17)	(1)	(17)
Depreciation of property, plant and equipment	–	–	–	–	1,027	1,022	1,027	1,022
Share of results of an associate	–	–	–	–	(57)	(14)	(57)	(14)
Interest in an associate	–	–	–	–	407	395	407	395
Income tax expense	–	–	–	–	6,285	4,750	6,285	4,750

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 2024

## 10. SEGMENT INFORMATION *(Continued)*

### Breakdown of revenue by services

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

	2024 HK\$'000	2023 HK\$'000
Advisory, consulting and asset management		
Sponsorship services	920	2,022
Financial advisory services	12,955	8,340
Compliance advisory services	2,294	2,361
Asset management and other consultancy services	5,707	3,607
	<b>21,876</b>	<b>16,330</b>
Proprietary investments		
Rental income	30,107	31,461
	<b>51,983</b>	<b>47,791</b>

Composition of the Group's advisory and consulting segments has evolved over the years. To better reflect the types of services in this segment, the CODM has decided to make certain reclassification as follows which the Group will adopt going forward.

	2024 HK\$'000	2023 HK\$'000
Advisory, consulting and asset management		
Regulatory-driven	16,882	14,107
Special situation consulting	4,748	2,187
Asset management and others	246	36
	<b>21,876</b>	<b>16,330</b>
Proprietary investments		
Rental income	30,107	31,461
	<b>51,983</b>	<b>47,791</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 10. SEGMENT INFORMATION *(Continued)*

### Geographic information

The Group's operations are mainly located in Hong Kong and Japan.

Information about the Group's revenue from external customers is presented based on the location of the operations. 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 external customers		Non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	23,316	17,785	106,413	111,397
Japan	28,667	30,006	417,736	475,157
	<b>51,983</b>	<b>47,791</b>	<b>524,149</b>	<b>586,554</b>

During the years ended 31 March 2024 and 2023, there was no single customer contributing over 10% of the Group's total revenue.

## 11. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Bank interest income	240	89
Gain on disposal of an investment property	31	–
Dividend income from financial assets at FVTOCI	48	67
Reversal of impairment loss of trade receivables (note 22)	–	23
Government grants (note i)	280	496
Other	16	–
	<b>615</b>	<b>675</b>

Note:

- (i) During the year ended 31 March 2024, the government grants of HK\$280,000 represented the receipt from the grant scheme provided by the Government of the Hong Kong Special Administrative Region to provide subsidies for qualified open-ended fund companies to set up in Hong Kong. There are no unfulfilled conditions and other contingencies related to receipts of these grants.

During the year ended 31 March 2023, the government grants included the amount of HK\$462,000 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 12. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interests on secured bank borrowings	5,136	4,299

## 13. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax:		
Japanese Corporate Income Tax	271	284
Japanese Withholding Tax	2,724	1,722
	2,995	2,006
Over provision in prior years:		
Hong Kong Profits Tax	–	(31)
Deferred taxation (note 27)	3,290	2,775
	6,285	4,750

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 2024 and 2023.

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 2024 and 2023. 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 2024 and 2023.

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 2024

## 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:

	2024 HK\$'000	2023 HK\$'000
Profit before tax	19,782	15,524
Tax at the domestic income tax rates in the respective jurisdictions	5,687	4,934
Tax effect of share of results of an associate	(9)	(2)
Tax effect of expenses not deductible for tax purpose	1,353	610
Tax effect of income not taxable for tax purpose	(35)	(107)
Over provision in respect of prior years	–	(31)
Income tax on concessionary rate	(1,406)	(1,512)
Tax effect of tax losses not recognised	695	858
Income tax expense	6,285	4,750

Details of deferred taxation are set out in note 27.

## 14. PROFIT FOR THE YEAR

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

	2024 HK\$'000	2023 HK\$'000
Staff cost, excluding directors' emoluments (note 15(a)):		
– Salaries, bonus and other benefits	9,648	8,826
– Contributions to retirement benefits scheme	207	246
– Share based payments – shares awards (note 35)	1,341	897
Total staff costs excluding directors' emoluments	11,196	9,969
Directors' remuneration	3,651	3,686
Auditors' remuneration	660	660
Depreciation of property, plant and equipment	1,027	1,022
Impairment loss (reversal of impairment loss) of trade receivables, net	41	(23)
Net exchange (gain) loss	(268)	644

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 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 2024

	Fees HK\$'000	Salaries, and other benefits HK\$'000	Discretionary bonus HK\$'000	Contributions to retirement benefits scheme HK\$'000	Total 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	–	400	175	13	588
Chang Sean Pey	–	916	450	15	1,381
Leung Churk Yin Jeanny	–	729	578	15	1,322
	–	2,045	1,203	43	3,291
<b>Total emoluments</b>	<b>360</b>	<b>2,045</b>	<b>1,203</b>	<b>43</b>	<b>3,651</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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

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

For the year ended 31 March 2023

	Fees HK\$'000	Salaries, and other benefits HK\$'000	Discretionary bonus HK\$'000	Contributions to retirement benefits scheme HK\$'000	Total 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 2024

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

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

During the years ended 31 March 2024 and 2023, no director has been appointed as chief executive of the Company.

During the years ended 31 March 2024 and 2023, none of the directors of the Company waived or agreed to waive any emoluments.

During the years ended 31 March 2024 and 2023, 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 (2023: two) were directors of the Company whose emoluments are included in the note 15(a) above. The emoluments of the remaining three (2023: three) individuals were as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	3,525	2,765
Discretionary bonus	720	905
Contributions to retirement benefits scheme	53	54
Share based payments	774	582
	<b>5,072</b>	<b>4,306</b>

Their emoluments were within the following bands:

	2024 No. of Employees	2023 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	3	2
HK\$2,000,001 to HK\$2,500,000	–	–

During the years ended 31 March 2024 and 2023, 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 2024

## 16. DIVIDENDS

At a meeting held on 27 June 2024, the board of Directors (the “Board”) proposed to recommend to the annual general meeting of the Company (the “AGM”) on 8 August 2024 a final dividend of Hong Kong 0.08 cent per ordinary share for the year ended 31 March 2024 amounting to HK\$655,440. This proposed final dividend is not reflected as a dividend payable in these financial statements, but will be reflected in the movement of retained profits for the year ending 31 March 2025.

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.

## 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

	2024 HKD'000	2023 HKD'000
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	12,626	9,878

### Number of shares

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share (note)	814,131	808,017
Effect of dilutive potential ordinary shares:		
Share awards	1,766	4,208
Weighted average number of ordinary shares for the purpose of diluted earnings per share	815,897	812,225

Note: During the year ended 31 March 2024, the Company issued 6,800,000 (2023: 5,780,000) 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 2024

## 18. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK\$'000	Leasehold improvement HK\$'000	Furniture, fixtures and equipment HK\$'000	Total HK\$'000
<b>COST</b>				
At 1 April 2022	49,184	9,261	3,276	61,721
Additions	–	–	14	14
Written off	–	(93)	–	(93)
At 31 March 2023 and 1 April 2023	49,184	9,168	3,290	61,642
Additions	–	–	43	43
Written off	–	–	(9)	(9)
At 31 March 2024	<b>49,184</b>	<b>9,168</b>	<b>3,324</b>	<b>61,676</b>
<b>ACCUMULATED DEPRECIATION</b>				
At 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 and 1 April 2023	10,826	9,168	3,251	23,245
Charged for the year	984	–	43	1,027
Eliminated on written off	–	–	(9)	(9)
At 31 March 2024	<b>11,810</b>	<b>9,168</b>	<b>3,285</b>	<b>24,263</b>
<b>CARRYING VALUES</b>				
At 31 March 2024	<b>37,374</b>	<b>–</b>	<b>39</b>	<b>37,413</b>
At 31 March 2023	38,358	–	39	38,397

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\$37,374,000 (2023: HK\$38,358,000) to secure bank borrowings of the Group as at 31 March 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 19. INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
Investment properties stated at fair value (note a)	485,805	547,567

Note:

(a) Investment properties stated at fair value

	HK\$'000
At 1 April 2022	579,803
Exchange realignment	(41,496)
Additions	5,369
Net decrease in fair value recognised in profit or loss	3,891
At 31 March 2023 and 1 April 2023	547,567
Exchange realignment	(59,112)
Additions	12,526
Disposals	(12,356)
Reclassified as asset held for sale (Note)	(8,913)
Net increase in fair value recognised in profit or loss	6,093
At 31 March 2024	485,805

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\$467,214,000 (2023: HK\$519,571,000) to secure banking facilities granted to the Group as at 31 March 2024.

For the investment property located in Hong Kong, the fair value of investment property at 31 March 2024 and 2023 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 2024 and 2023 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 2024 and 2023. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Note: As at 31 March 2024, the Group's asset held for sale is valued by reference to recent sale transaction. The fair value measurement for asset held for sale has been categorised as level 2 fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 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 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Fair value as at 31 March 2024 HK\$'000
Investment properties	–	69,000	416,805	485,805

  

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

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 2024 and 2023 are determined (in particular, the valuation techniques and inputs used):

Fair value hierarchy	Fair value as at 31 March 2024 HK\$'000	Fair value as at 31 March 2023 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 69,000	73,000	Market Comparison approach – by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available	N/A	N/A	N/A
Investment properties located in Japan	Level 3 416,805	474,567	Income approach – by reference to capitalised income derived from existing tenancies and the reversionary potential of the properties	Capitalisation rate	Ranged from 3.3% to 7.0% (2023: 3.4% to 6.0%)	The higher the capitalisation rate, the lower the fair value

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 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 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 and 1 April 2023	474,567
Additions	12,526
Disposals	(12,356)
Reclassified as asset held for sale	(8,913)
Exchange adjustments	(59,112)
Net increase in fair value recognised in profit or loss	10,093
At 31 March 2024	<b>416,805</b>

During the year ended 31 March 2024, the net increase in fair value recognised in profit or loss of approximately HK\$10,093,000 (2023: net increase in fair value of HK\$4,891,000) are included in net increase in fair value of investment properties (2023: net increase in fair value of investment properties). Included in the net increase in fair value is amount of approximately HK\$10,093,000 (2023: net increase in fair value of HK\$4,891,000) 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 2024

### 20. INTEREST IN AN ASSOCIATE

	2024 HK\$'000	2023 HK\$'000
Cost of investment in an associate, unlisted	356	356
Share of post-acquisition profits and other comprehensive income	51	39
	<b>407</b>	<b>395</b>

As at 31 March 2024 and 2023, 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 2024	At 31 March 2023	
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 2024 and 2023. For the details, please refer to note 32(a).

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

	2024 HK\$'000	2023 HK\$'000
Equity instruments designated at FVTOCI		
– Listed	727	1,011
– Unlisted	–	148
Total	<b>727</b>	<b>1,159</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 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

	2024 HK\$'000	2023 HK\$'000
Receivables at amortised cost comprise:		
Trade receivables (note)	3,174	1,449
Less: allowances for impairment of trade receivables	(41)	(3)
	3,133	1,446
Other receivables and prepayment	1,532	1,858
	4,665	3,304

Note: As at 31 March 2024, lease receivables amounting to approximately HK\$101,000 (2023: HK\$16,000) were included in trade receivables. The remaining balances of approximately HK\$3,073,000 (2023: HK\$1,433,000) represented the trade receivables arising from contracts with customers.

	2024 HK\$'000	2023 HK\$'000
Analysed for reporting purpose:		
Current portion	4,543	3,088
Non-current portion	122	216
	4,665	3,304

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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

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.

	2024 HK\$'000	2023 HK\$'000
Within 30 days	1,374	195
More than 30 but within 60 days	45	17
More than 60 but within 90 days	1,614	390
More than 90 but within 180 days	100	844
	<b>3,133</b>	<b>1,446</b>

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

	2024 HK\$'000	2023 HK\$'000
Balance at the beginning of the year	3	131
Impairment loss recognised	41	–
Reversal of impairment loss	–	(23)
Amounts written off as uncollectible	–	(102)
Exchange realignment	(3)	(3)
	<b>41</b>	<b>3</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 2024

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

During the year ended 31 March 2024, certain receivables were considered unrecoverable and in default, approximately HK\$41,000 of lifetime ECL-credit impaired was recognised (2023: HK\$23,000 had been recovered with the debtor having settled such amount in cash).

As at 31 March 2024, the allowances for impairment of trade receivables of approximately HK\$41,000 (2023: HK\$3,000) were made for trade receivables that are considered as credit impaired.

As there was no realistic prospect of recovery of the trade receivables, the Group has written off of approximately HK\$102,000 (2024: nil) 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:

	2024 HK\$'000	2023 HK\$'000
Deposits	77	78
Prepayments	1,273	1,528
Other receivables	182	252
	1,532	1,858

The ECL on other receivables are estimated individually by reference to past experience of default and their financial position and general economic condition of the industry at the reporting date. The internal credit rating of the other receivables are considered to be performing as at 31 March 2024 and 2023 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 2024 and 2023, 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:

	2024 HK\$'000	2023 HK\$'000
JPY	7,022	6,299

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 24. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	87	114
Other payables (note)	12,087	11,467
	<b>12,174</b>	<b>11,581</b>
Analysed for reporting purposes:		
Current portion	11,339	10,548
Non-current portion	835	1,033
	<b>12,174</b>	<b>11,581</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.

Note: For the year ended 31 March 2024, rental deposits of approximately HK\$5,875,000 (2023: approximately HK\$6,783,000) and rental received in advance of approximately HK\$1,743,000 (2023: approximately HK\$1,857,000) are included in other payables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 25. SECURED BANK BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
On demand or within one year	42,369	45,093
After one year but within two years	14,100	9,462
After two years but within five years	21,157	25,136
After five years	69,074	81,779
	<b>146,700</b>	<b>161,470</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	13,807	14,067
Carrying amount repayable on demand or within one year	42,369	45,093
Amounts shown under current liabilities	56,176	59,160
Amounts shown under non-current liabilities	90,524	102,310
	<b>146,700</b>	<b>161,470</b>

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

	2024 HK\$'000	2023 HK\$'000
Fixed-rate borrowings	68,128	90,486
Variable-rate borrowings	78,572	70,984
	<b>146,700</b>	<b>161,470</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 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:

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	1.11% to 2.85%	0.83% to 2.55%
Variable-rate borrowings	1.09% to 7.60%	1.09% to 6.83%

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:

	2024 HK\$'000	2023 HK\$'000
Floating rate	52,988	60,979

During the year ended 31 March 2024, the Group obtained new loans in the amount of approximately HK\$16,434,000 (2023: HK\$35,328,000). The loans will be repayable from 2024 to 2046 (2023: 2023 to 2046). 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 2024 and 2023 as disclosed in notes 32(a) and 32(b).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 26. DERIVATIVE FINANCIAL INSTRUMENTS

	2024 Liabilities HK\$'000	2023 Liabilities HK\$'000
Interest rate swaps	–	53

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

Such derivative financial instruments were expired during the year ended 31 March 2024 and there was no outstanding interest rate swaps as at 31 March 2024.

Major terms of the interest rate swaps are as follows:

#### 31 March 2023

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 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:

	2024 HK\$'000	2023 HK\$'000
Deferred tax asset	189	1,132
Deferred tax liabilities	(27,609)	(28,882)
	<b>(27,420)</b>	<b>(27,750)</b>

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

	Accelerated tax depreciation HK\$'000	Revaluation of investment properties and undistributable profits of subsidiaries HK\$'000	Unused tax losses HK\$'000	Total HK\$'000
At 1 April 2022	(507)	(28,267)	1,515	(27,259)
Charged to profit or loss for the year (note 13)	136	(2,538)	(373)	(2,775)
Exchange realignment	–	2,284	–	2,284
At 31 March 2023 and 1 April 2023	(371)	(28,521)	1,142	(27,750)
Credit (charged) to profit or loss for the year (note 13)	19	(2,356)	(953)	(3,290)
Exchange realignment	–	3,620	–	3,620
At 31 March 2024	<b>(352)</b>	<b>(27,257)</b>	<b>189</b>	<b>(27,420)</b>

At 31 March 2024, the Group has unused estimated tax losses of approximately HK\$20,466,000 (2023: HK\$22,030,000), available for offset against future profits. Deferred tax asset has been recognised in respect of the unused estimated tax losses of approximately HK\$1,145,000 (2023: HK\$6,921,000), such losses may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the remaining approximately HK\$19,321,000 (2023: HK\$15,109,000) unused tax losses due to the unpredictability of future profit streams.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 28. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	5,000,000,000	50,000
<i>Issued and fully paid:</i>		
At 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 and 1 April 2023	812,500,000	8,125
Share allotted (note i) (note 35)	6,800,000	68
At 31 March 2024	819,300,000	8,193

Notes:

- (i) These new shares rank pari passu with the existing shares in all respects.
- (ii) 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.

## 29. OPERATING LEASE COMMITMENTS

### The Group as lessor

During the years ended 31 March 2024 and 2023, the Group's properties held for rental purpose are expected to generate rental yields of 6.2% and 5.7% respectively, on an ongoing basis. All of the properties held have committed tenants for the next one to fifteen years (2023: one to fifteen 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:

	2024 HK\$'000	2023 HK\$'000
Within one year	2,454	3,796
After one year but within two years	–	360
	2,454	4,156



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 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\$250,000 (2023: HK\$300,000) represents contributions payable to this scheme by the Group in respect of the current accounting period.

#### Long service payment (“LSP”) Liabilities

##### *Obligation to LSP under Hong Kong Employment Ordinance*

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to employees in Hong Kong under certain circumstances, subject to a minimum of 5 years employment period, based on this formula: Last monthly wages (before termination of employment)  $\times$  2/3  $\times$  Years of service. Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan. Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group’s Mandatory Provident Fund contributions, plus/minus any positive/negative returns thereof (collectively, the “Eligible Offset Amount”), for the purpose of offsetting LSP payable to an employee (the “Offsetting Arrangement”).

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) was gazetted on 17 June 2022, which will eventually abolish the Offsetting Arrangement. The Amendment Ordinance will come into effect prospectively from 1 May 2025 (the “Transition Date”). Under the Amendment Ordinance, the Eligible Offset Amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date.

The Group is currently assessing the impact of the LSP obligation due to the Amendment Ordinance.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 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 borrowings (note 25) HK\$'000	Dividends payable (included in other payables) HK\$'000	Interest payable (included in other payables) HK\$'000	Total HK\$'000
At 1 April 2023	161,470	–	359	161,829
Financing cash flows				
Addition	16,434	–	–	16,434
Repayment	(16,542)	(168)	(5,016)	(21,726)
Non-cash changes				
Exchange realignment	(14,662)	–	–	(14,662)
Finance costs incurred	–	–	5,136	5,136
Dividends declared	–	168	–	168
At 31 March 2024	<b>146,700</b>	<b>–</b>	<b>479</b>	<b>147,179</b>
	Secured bank borrowings (note 25) HK\$'000	Dividends payable (included in other payables) HK\$'000	Interest payable (included in other payables) HK\$'000	Total 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	161,470	–	359	161,829



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

## 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	2024	2023
			HK\$'000	HK\$'000
KK Ascent Plus	Associate	Asset management fee paid	564	600
		Guarantee fee paid	309	249

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 2024, the bank borrowings of HK\$34,618,000 (2023: HK\$29,990,000) 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:

	2024	2023
	HK\$'000	HK\$'000
Short-term benefits	6,755	6,582
Share based payments	779	546
Post-employment benefits	103	113
	7,637	7,241

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 2024

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

	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>		
Investments in subsidiaries	299,510	299,510
Investment in an associate	356	356
	<b>299,866</b>	<b>299,866</b>
<b>Current assets</b>		
Other receivables and prepayment	260	284
Amounts due from subsidiaries ( <i>note</i> )	68,716	69,187
Bank balances and cash	402	532
	<b>69,378</b>	<b>70,003</b>
<b>Current liabilities</b>		
Accruals	660	760
Amounts due to subsidiaries ( <i>note</i> )	4,437	3,833
	<b>5,097</b>	<b>4,593</b>
<b>Net current assets</b>	<b>64,281</b>	<b>65,410</b>
	<b>364,147</b>	<b>365,276</b>
<b>Capital and reserves</b>		
Share capital	8,193	8,125
Reserves	355,954	357,151
	<b>364,147</b>	<b>365,276</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 2024

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

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

	Share Premium HK\$'000	Treasury stock HK\$'000	Other reserve (note) HK\$'000	Shareholder contribution HK\$'000	Share awards reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 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 and 1 April 2023	74,302	–	264,509	11,319	151	6,870	357,151
Loss for the year	–	–	–	–	–	(2,470)	(2,470)
Share based payments	–	–	–	–	1,341	–	1,341
Vested shares for share awards	920	–	–	–	(988)	–	(68)
At 31 March 2024	75,222	–	264,509	11,319	504	4,400	355,954

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 2024

## 34. PARTICULARS OF SUBSIDIARIES OF THE GROUP

Details of the Company's subsidiaries as at 31 March 2024 and 2023 are set out below.

Name of subsidiary	Form of business	Place of incorporation/ operation	Issued and fully paid-up share capital	Percentage of effective equity interest attributable to the Company		Proportion of voting power held by the Company		Principal activity
				2024	2023	2024	2023	
<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 consultancy services and 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, investment holding and providing administrative 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 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 ST Limited	Incorporated	Hong Kong	HK\$10,000	100%	100%	100%	100%	Inactive
Altus Zephyr Multi-Asset OFC*	Incorporated	Hong Kong	HK\$100*	100%	–	100%	–	Inactive

\* Altus Zephyr Multi-Asset OFC was established with issued and fully paid-up share capital of HK\$100, representing 100 management shares of value at HK\$1 each, under SFC as an open-ended fund company during the year ended 31 March 2024.

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 2024

### 35. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS

#### Share awards to employees

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.

At the extraordinary general meeting of the Company held on 8 August 2023, a share scheme (the “**2023 Share Scheme**”) was approved and adopted by the Company. On 21 July 2023, the Board resolved to award conditionally an aggregate of 10,360,000 new shares of the Company to seven grantees (the “**August 2023 Selected Employees Grant**”), who are employees of the Group. The conditional of grant of the August 2023 Selected Employees Grant was fulfilled upon the adoption of the 2023 Share Scheme on 8 August 2023. 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\$1,461,000.

On 22 December 2023, the Board resolved to award under the 2023 Share Scheme an aggregate of 3,160,000 new shares of the Company to eight grantees (the “**December 2023 Selected Employees Grant**”), who are employees of the Group. 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\$389,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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

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

During the years ended 31 March 2024 and 2023, shares based payment of approximately HK\$1,341,000 and HK\$897,000 was recognised in the profit or loss respectively.

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

	Number of shares award	
	2024	2023
Outstanding as at 1 April	2,080,000	3,620,000
Granted during the year	13,520,000	5,620,000
Vested during the year (note i)	(6,800,000)	(5,780,000)
Forfeited during the year (note ii)	(160,000)	(1,380,000)
Outstanding as at 31 March	8,640,000	2,080,000

Notes:

- (i) During the year ended 31 March 2024, 1,920,000 of the 2022 Shares Awards and 4,880,000 of the August 2023 Selected Employees Grant were issued and allotted to the employees of the Group. As such, approximately HK\$300,000 and HK\$688,000 were transferred to share capital and share premium respectively from share awards reserve.

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.

- (ii) During the year ended 31 March 2024, 160,000 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 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.

Details of the terms and conditions of the grant of share awards under the deeds and the 2023 Share Scheme are as follows:

	Number of shares	Fair value as at grant date		Vesting conditions
		Per share HK\$	Aggregate amount HK\$'000	
2020 Share Awards	3,830,000	0.214	820	Note (i)
2021 Share Awards	3,930,000	0.200	786	Note (ii)
2022 Share Awards	5,620,000	0.156	877	Note (iii)
August 2023 Selected Employees Grant	10,360,000	0.141	1,461	Note (iv)
December 2023 Selected Employees Grant	3,160,000	0.123	389	Note (v)
Total share awards granted	26,900,000			



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 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:
- 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.
- (ii) 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.
- (iii) 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 ended 31 March 2024.
- (iv) The share awards granted have a vesting period shown as follows:
- 4,880,000 shares were vested for the year ended 31 March 2024.
  - 5,480,000 shares were vested for the year ending 31 March 2025.
- (v) The share awards granted have a vesting period shown as follows:
- 3,160,000 shares were vested for the year ending 31 March 2025.

### 36. CAPITAL COMMITMENTS

	2024	2023
	HK\$'000	HK\$'000
Capital expenditure in respect of acquisition of investment properties contracted for but not provided in the consolidated financial statements	8,375	10,620



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

### 37. EVENTS AFTER THE REPORTING PERIOD

As set out in the announcement of the Company dated 13 March 2024, the Group entered into a sale and purchase agreement (through Yugen Kaisha Hourei, the TK Operator of a TK Arrangement under Starich Resources Limited which is indirectly wholly owned by the Company) to dispose an investment property in Sapporo City, Japan for a cash consideration of JPY178.0 million (equivalent to approximately HK\$9.2 million). The investment property which is expected to be sold within twelve months, has been classified as assets held for sale and disclosed under current assets in the consolidated statement of financial position at its fair value of approximately JPY172.4 million (equivalent to approximately HK\$8.9 million). On 19 April 2024, the aforesaid disposal was completed.

## PARTICULARS OF PROPERTIES HELD BY THE GROUP

AT 31 MARCH 2024

	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.	Rakuyukan 36	Residential	Freehold	Lot No. 250-47, Minami 36-jo, Nishi 10-chome, Minami-ku, Sapporo City, Hokkaido Prefecture	94.6%

## PARTICULARS OF PROPERTIES HELD BY THE GROUP

AT 31 MARCH 2024

	Particulars	Use	Lease term	Lot No.	Percentage of interest of the Group
9.	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%
10.	T House	Residential	Freehold	Lot No. 614-16 and other lot, Kotoni 3-jo, 3-chome, Nishi-ku, Sapporo City, Hokkaido Prefecture	100.0%
11.	Tommy House Hiragishi	Residential	Freehold	Lot No. 44, Hiragishi 3-jo, 12-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture	100.0%
12.	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%
13.	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%
14.	Azabu Juban Crown Building	Residential	Freehold	Lot No. 2-12, Azabujuban 2-chome, Minato-ku, Tokyo	100.0%
15.	Azabu Sendaizaka Hills	Residential	Freehold	Lot No. 6-18 and other lot, Minamiazabu 1-chome, Minato-ku, Tokyo	100.0%
16.	City Court Sugunami	Residential	Freehold	Lot No. 46-1 and other lots, Suginamicho, Hakodate City, Hokkaido Prefecture	100.0%
17.	Residence Motoki	Residential cum commercial	Freehold	Lot No. 563, Nishijin 5-chome, Sawara-ku, Fukuoka City, Fukuoka Prefecture	78.7%
18.	Wealth Fujisaki	Residential	Freehold	Lot No. 55-2 and other lot, Fujisaki 1-chome, Sawara-ku, Fukuoka City, Fukuoka Prefecture	100.0%

## PARTICULARS OF PROPERTIES HELD BY THE GROUP

AT 31 MARCH 2024

					Percentage of interest of the Group
Particulars	Use	Lease term	Lot No.		
19. Rise Shimodori EXE	Residential cum commercial	Freehold	Lot No. 2-2 and other lots, Chuogai, Chuo-ku, Kumamoto City, Kumamoto Prefecture		90.0%
20. Rise Fujisakidai	Residential	Freehold	Lot No. 2-30 and other lots, Shinmachi 3-chome, Chuo-ku, Kumamoto City, Kumamoto Prefecture		90.0%
21. Rise Kumamoto Station South	Residential	Freehold	Lot No. 130-1, Nihongi 4-chome, Nishi-ku, Kumamoto City, Kumamoto Prefecture		90.0%
22. Rise Shimodori	Residential	Freehold	Lot No. 5-4 and other lots, Chuogai, Chuo-ku, Kumamoto City, Kumamoto Prefecture		90.0%
23. Kagoshima Tenmonkan Building	Commercial	Freehold	Lot No. 5-2 Sennichicho, Kagoshima City, Kagoshima Prefecture		90.0%
24. Shinoro House GH	Residential	Freehold	Lot No. 264-8, Sinoro 9-jo, 3-chome, Kita-ku, Sapporo City, Hokkaido Prefecture		100.0%
25. Relife GH	Residential	Freehold	Lot No. 21-305, 7-jo, 3-chome, Kiyota, Kiyota ku, Sapporo City, Hokkaido Prefecture		100.0%
26. KD Shinshigai Building	Commercial	Freehold	Shinshigai 1-15, Chuo-ku, Kumamoto City, Kumamoto Prefecture		90.0%
27. Wisteria-S	Residential	Freehold	Lot No. 8-24, Kikusui 3-jo, 1-chome, Shiroishi-ku, Sapporo City, Hokkaido Prefecture		100.0%
28. Base 1 <sup>st</sup>	Residential	Freehold	1 Chome-10-21, Shimoarata, Kagoshima City, Kagoshima Prefecture		100.0%
29. Yuinoie Shinkawanishi	Residential	Freehold	Lot No. 688-64 and 688-106, Shinkawa Nishi Sanjo 5-chome, Kita-ku, Sapporo		100.0%