



ALTUS .

Altus Holdings Limited

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

**Third Quarterly
Report FY2017**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, for which 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 the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company (the “Directors”), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (the “**Group**”) recorded an unaudited revenue of HK\$35.8 million for the nine months ended 31 December 2016 (“**YTD Dec 2016**”), representing a slight decrease of 1.6% when compared with HK\$36.4 million for the nine months ended 31 December 2015 (“**YTD Dec 2015**”).
- The Group recorded a net loss of HK\$10.0 million in YTD Dec 2016 compared with net profit of HK\$11.1 million in YTD Dec 2015. The net loss in YTD Dec 2016 was attributable to (i) non-recurring expenses relating to the Company’s successful listing on the GEM of the Stock Exchange in October 2016 (the “**Listing**”); (ii) a share of losses of associates of HK\$1.6 million (where a share of profit was recorded in YTD Dec 2015); (iii) a larger net exchange loss due to depreciation in value of JPY against HK\$ during the respective periods; and (iv) the share based payments.
- The basic and diluted loss per share in YTD Dec 2016 was HK1.55 cents and the basic and diluted earnings per share in YTD Dec 2015 was HK1.82 cents.
- The Directors do not recommend the payment of any dividend for the nine months ended 31 December 2016.

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 December 2016 (“3Q FY2017”) and YTD Dec 2016, together with the comparative unaudited figures for the three months ended 31 December 2015 (“3Q FY2016”) and YTD Dec 2015, as follows:

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YTD DEC 2016 AND YTD DEC 2015

	Notes	3Q FY2017 (Unaudited) HK\$'000	3Q FY2016 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000	YTD Dec 2015 (Unaudited) HK\$'000
Revenue	3	12,602	11,884	35,804	36,443
Other income	5	2,860	839	4,822	3,424
Net increase in fair value of investment properties		–	2,206	1,081	2,206
Changes in fair value of derivative financial liabilities		108	(288)	177	(376)
Property expenses		(1,983)	(1,671)	(5,952)	(5,264)
Administrative and operating expenses		(15,361)	(6,256)	(38,768)	(21,219)
Share of results of associates		(19)	1,025	(1,606)	2,070
Finance costs	6	(832)	(821)	(2,671)	(2,463)
(Loss)/Profit before tax		(2,625)	6,918	(7,113)	14,821
Income tax expense	7	(973)	(1,716)	(2,917)	(3,686)
(Loss)/Profit for the period	8	(3,598)	5,202	(10,030)	11,135
Other comprehensive (expense)/income for the period					
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of available-for-sale investments		–	(44)	–	(736)
Change in fair value of available-for-sale investments		(36)	2,053	179	2,239
Exchange differences arising on translation of foreign operations		(33,103)	(1,493)	(8,254)	(413)
Share of translation reserve of associates		(2,308)	481	773	456
Other comprehensive (expense)/income for the period		(35,447)	997	(7,302)	1,546
Total comprehensive (expense)/income for the period		(39,045)	6,199	(17,332)	12,681

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR YTD DEC 2016 AND YTD DEC
2015 (CONTINUED)**

	<i>Notes</i>	3Q FY2017 (Unaudited) HK\$'000	3Q FY2016 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000	YTD Dec 2015 (Unaudited) HK\$'000
(Loss)/Profit for the period attributable to:					
Owners of the Company		(3,865)	5,208	(10,613)	10,943
Non-controlling interests		267	(6)	583	192
		(3,598)	5,202	(10,030)	11,135
Total comprehensive (expense)/income for the period attributable to:					
Owners of the Company		(38,560)	6,231	(17,870)	12,523
Non-controlling interests		(485)	(33)	538	158
		(39,045)	6,198	(17,332)	12,681
		HK cents	HK cents	HK cents	HK cents
(Loss)/Earnings per share					
– Basic and diluted	<i>10</i>	(0.51)	0.87	(1.55)	1.82

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR YTD DEC 2016

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Special reserve HK\$'000	Investment revaluation reserve HK\$'000	Shareholder contribution HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2016 (audited)	50,195	98,065	6	(41,511)	-	357	(26,584)	218,984	299,512	11,055	310,567
(Loss)/Profit for the period	-	-	-	-	-	-	-	(10,613)	(10,613)	583	(10,030)
Other comprehensive income/(expense) for the period:											
Change in fair value of available-for-sale investments	-	-	-	-	179	-	-	-	179	-	179
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(8,209)	-	(8,209)	(45)	(8,254)
Share of translation reserves of associates	-	-	-	-	-	-	773	-	773	-	773
	-	-	-	-	179	-	(7,436)	-	(7,257)	(45)	(7,302)
Total comprehensive income/(expense) for the period	-	-	-	-	179	-	(7,436)	(10,613)	(17,870)	538	(17,332)
Issue of shares to ultimate holding company (note (i))	98,983	-	-	(71,979)	-	-	-	-	27,004	-	27,004
Capitalisation issue (note (iii))	6,000	(6,000)	-	-	-	-	-	-	-	-	-
Issuance of new shares by way of placing (note (ii))	2,000	83,000	-	-	-	-	-	-	85,000	-	85,000
Transaction costs attributable to issue of new shares	-	(4,772)	-	-	-	-	-	-	(4,772)	-	(4,772)
Contribution from shareholder	-	-	-	-	-	3,701	-	-	3,701	-	3,701
Acquisition of addition interest in a subsidiary	-	-	(12)	-	-	-	-	-	(12)	-	(12)
Arising from Reorganisation (note (iii))	(149,178)	-	149,178	-	-	-	-	-	-	-	-
Dividends paid (note 9)	-	-	-	-	-	-	-	(38,008)	(38,008)	(4,349)	(42,357)
At 31 December 2016 (unaudited)	8,000	170,293	149,172	(113,490)	179	4,058	(34,020)	170,363	354,555	8,507	363,062

Notes:

- (i) *On 8 April 2016, Altus Investments Limited (“Altus Investments”) issued 1 ordinary share at a consideration of approximately HK\$71,979,000 to acquire the equity interest in Godo Kaisha Choun.*

On 23 September 2016, Altus Investments has capitalised the amount due to Kinley-Hecico Holdings Limited (formerly known as “Kinley BVI Limited”) (“KHHL”) with approximately HK\$27,004,000 as share capital and allot 999,996 ordinary shares to KHHL.

- (ii) *On 17 October 2016, the Company issued 200,000,000 shares to the professional, institutional and other investors in Hong Kong for cash at HK\$0.425 per share (the “Placing”) and 599,999,999 shares to KHHL upon capitalisation of part of the sum standing to the credit of the share premium account of the Company (the “Capitalisation”). After the completion of Placing and Capitalisation, the total number of issued shares of the Company are 800,000,000 shares with nominal value of HK\$0.01 each per share.*

- (iii) *Other reserve included the difference between the nominal value of the issued share capital of the Company and its subsidiaries and the share capital of the Company, upon completion the Reorganisation on 26 September 2016.*

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR YTD DEC 2015

	Attributable to owners of the Company							
	Share capital HK\$ '000	Share premium HK\$ '000	Other reserve HK\$ '000	Investment revaluation reserve HK\$ '000	Exchange reserve HK\$ '000	Retained profits HK\$ '000	Non-controlling interests HK\$ '000	Total HK\$ '000
At 1 April 2015 (audited)	43,544	79,991	6	999	(42,730)	205,184	14,943	301,937
Profit for the period	-	-	-	-	-	10,943	192	11,135
Other comprehensive (expense)/income for the period:								
Reclassification adjustments for cumulative gain included in profit or loss upon disposal of available-for-sale investments	-	-	-	(736)	-	-	-	(736)
Change in fair value of available-for-sale investments	-	-	-	2,239	-	-	-	2,239
Exchange differences arising on translation of foreign operations	-	-	-	-	(379)	-	(34)	(413)
Share of translation reserves of associates	-	-	-	-	456	-	-	456
	-	-	-	1,503	77	-	(34)	1,546
Total comprehensive income for the period	-	-	-	1,503	77	10,943	158	12,681
Issue of shares by a subsidiary (note i)	4	18,443	-	-	-	-	2,556	21,003
Deregistration of subsidiaries (note ii)	(34,864)	-	-	-	-	-	(5,340)	(40,204)
Dividends paid	-	(369)	-	-	-	(3,531)	(1,837)	(5,737)
At 31 December 2015 (unaudited)	8,684	98,065	6	2,502	(42,653)	212,596	10,480	289,680

Notes:

- (i) On 30 September 2015, Smart Tact Property Investment Limited (“**Smart Tact**”) issued and allotted 4,610 ordinary shares of HK\$1 each to its shareholders (KHHL and non-controlling interests) for the total consideration of approximately HK\$21,003,000 and the share capital of Smart Tact held by the Group was increased from approximately HK\$4,000 to approximately HK\$8,000.*

- (ii) On 11 December 2015, Smart Tact Investment Limited (“**Smart Tact HK**”) has been deregistered and the share capital of approximately HK\$39,695,000 has been returned to the shareholders of the Group and non-controlling interest of approximately HK\$34,864,000 and HK\$4,831,000 respectively.*

1. GENERAL

The Company was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands, as an exempted company with limited liability on 11 November 2015. The shares of the Company were listed on the GEM of the Stock Exchange on 17 October 2016. The address of its registered office is Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is located at 21 Wing Wo Street, Central, Hong Kong.

The Company is engaged in investment holding and the Company's subsidiaries are mainly engaged in the provision of corporate finance services and property investment. 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 Company's holding company is KHHL, a company incorporated in the British Virgin Islands with limited liability and KHHL is ultimately controlled by two parties, Ms. Chan Kit Lai, Cecilia ("**Ms. Chan**") and The General Trust Company S.A. (the "**Trustee**"), the beneficiaries of which are Mr. Ip Arnold Tin Chee ("**Mr. Ip**") and Ms. Lam Ip Tin Wai Chyvette ("**Ms. Ip**") and their respective issue(s) that may be born in the future. Ms. Chan is the mother of Mr. Ip and Ms. Ip.

The condensed consolidated financial statements of the Group for YTD Dec 2016 (the "**Unaudited Consolidated Financial Statements**") are unaudited, but have been reviewed by the Audit Committee of the Company. The Unaudited Consolidated Financial Statements were approved and authorised for issue by the Directors on 13 February 2017.

The Unaudited Consolidated Financial Statements are presented in Hong Kong dollars ("**HK\$**") which is same as the functional currency of the Company. Other than those subsidiaries incorporated in Japan, whose functional currency is Japanese Yen ("**JPY**"), the functional currency of the Company and other subsidiaries is HK\$.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The Unaudited Consolidated Financial Statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules. The Unaudited Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial information for the year ended 31 March 2016 (the “**2016 Financial Information**”) which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA and stated in Appendix I of the prospectus of the Company dated 30 September 2016 (the “**Prospectus**”). The Unaudited Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2016 Financial Information except for the adoption of new or revised HKFRSs issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2016.

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

The Unaudited 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.

(i) Completion of Reorganisation

Pursuant to the reorganisation in preparation for the Listing (the “**Reorganisation**”), the Company became the holding company of the companies now comprising the Group on 26 September 2016. Details of the Reorganisation are set out in the section headed “History, Reorganisation and corporate structure” of the Prospectus.

The companies and its subsidiaries now comprising the Group have been under the common control of the ultimate holding company, KHHL, before and after the Reorganisation. Accordingly, where relevant, the Reorganisation has been accounted for using merger basis accounting with reference to Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA.

Upon completion of the Reorganisation on 26 September 2016, the results of the subsidiaries are consolidated into the financial statements of the Company.

3. REVENUE

The Group is principally engaged in the provision of corporate finance services and property investment. Revenue from the Group's principal activities recognised during the periods are as follows:

	3Q FY2017 (Unaudited) HK\$'000	3Q FY2016 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000	YTD Dec 2015 (Unaudited) HK\$'000
Corporate finance services	6,506	6,728	17,020	20,808
Property investment <i>(note)</i>	6,096	5,156	18,784	15,635
	12,602	11,884	35,804	36,443

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

	3Q FY2017 (Unaudited) HK\$'000	3Q FY2016 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000	YTD Dec 2015 (Unaudited) HK\$'000
Gross rental income from investment properties	6,096	5,156	18,784	15,635
Less:				
Direct operating expenses incurred for investment properties that generated rental income during the period (included in property expenses)	(1,983)	(1,671)	(5,952)	(5,264)
Net rental income	4,113	3,485	12,832	10,371

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker (the “CODM”), being the Directors, for the purpose of resource allocation and assessment of segment performance focuses on type of services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

- (i) Corporate finance services – provision of corporate finance services including sponsorship, financial advisory and compliance advisory services
- (ii) Property investment – leasing of investment properties for residential and commercial use

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

	3Q FY2017			3Q FY2016		
	Corporate finance services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Corporate finance services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
	REVENUE					
External revenue and segment revenue	6,506	6,096	12,602	6,728	5,156	11,884
RESULT						
Segment profit <i>(note)</i>	2,258	3,397	5,655	4,299	5,057	9,356
Other income and expenses			(7,930)			(3,050)
Share of results of associates			(19)			1,025
Finance costs			(331)			(413)
(Loss)/Profit before tax			(2,625)			6,918

Note: A net increase in fair value on investment properties of HK\$2,206,000 was recorded in 3Q FY2016 due to such fair value of the investment properties as at 31 December 2015 (3Q FY2017: Nil).

4. SEGMENT INFORMATION (CONTINUED)

	YTD Dec 2016			YTD Dec 2015		
	Corporate	Property	Total	Corporate	Property	Total
	finance	investment		finance	investment	
	services	investment	(Unaudited)	services	investment	(Unaudited)
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
REVENUE						
External revenue and segment revenue	17,020	18,784	35,804	20,808	15,635	36,443
RESULT						
Segment profit <i>(note)</i>	5,721	11,704	17,425	12,573	10,722	23,295
Other income and expenses			(21,767)			(9,381)
Share of results of associates			(1,606)			2,070
Finance costs			(1,165)			(1,163)
(Loss)/Profit before tax			(7,113)			14,821

Note: A net increase in fair value on investment properties of HK\$1,081,000 was recorded during YTD Dec 2016 (YTD Dec 2015: HK\$2,206,000) for the segment profit of the property investment segment.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments, certain other income, share of results of associates and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. SEGMENT INFORMATION (CONTINUED)

Revenue from major services

An analysis of the Group's revenue by each category is as follows:

	3Q FY2017 (Unaudited) HK\$'000	3Q FY2016 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000	YTD Dec 2015 (Unaudited) HK\$'000
Sponsorship services	2,591	4,252	8,105	13,475
Financial advisory services	2,697	1,670	5,441	4,932
Compliance advisory services	1,081	767	2,960	2,281
Others corporate finance services	137	39	514	120
	6,506	6,728	17,020	20,808
Rental income	6,096	5,156	18,784	15,635
	12,602	11,884	35,804	36,443

5. OTHER INCOME

	3Q FY2017 (Unaudited) HK\$'000	3Q FY2016 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000	YTD Dec 2015 (Unaudited) HK\$'000
Bank interest income	2	1	5	4
Dividend income from available- for-sale investments	269	–	538	200
Gain on disposal of available- for-sale investments	–	44	–	736
Gain on acquisition of additional interest in a subsidiary (note)	1,475	–	1,475	–
Reversal of impairment allowances of trade receivables	1	–	10	31
Administrative fee income	831	730	2,434	2,261
Marketing service income	–	58	66	173
Sundry income	282	6	294	19
	2,860	839	4,822	3,424

Note: This was related to the acquisition of JSSI Sale Shares as defined and disclosed in the Company's announcement dated 17 November 2016 ("JSSI Transaction").

6. FINANCE COSTS

	3Q FY2017 (Unaudited) HK\$'000	3Q FY2016 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000	YTD Dec 2015 (Unaudited) HK\$'000
Interest on amount due to ultimate holding company	–	23	22	70
Interests on secured bank borrowings	832	798	2,649	2,393
	832	821	2,671	2,463

7. INCOME TAX EXPENSE

	3Q FY2017 (Unaudited) HK\$'000	3Q FY2016 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000	YTD Dec 2015 (Unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax				
– Current year	455	802	830	1,732
Japanese Corporate Income Tax	32	17	69	40
Japanese Withholding Tax	340	292	1,139	923
	827	1,111	2,038	2,695
Deferred taxation	146	605	879	991
	973	1,716	2,917	3,686

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for YTD Dec 2016 and YTD Dec 2015.

Under the Japan Corporate Income Tax Law, Japanese Corporate Income Tax is calculated at 35.64% and 33.06% of the estimated assessable profits for YTD Dec 2016 and YTD Dec 2015 respectively. However, regarding to the TK Arrangement, the applicable tax rate of those Japanese subsidiaries is 20.42% for YTD Dec 2016 and YTD Dec 2015.

Japanese Withholding Tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for YTD Dec 2016 and YTD Dec 2015.

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

8. (LOSS)/PROFIT FOR THE PERIOD

	3Q FY2017 (Unaudited) HK\$'000	3Q FY2016 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000	YTD Dec 2015 (Unaudited) HK\$'000
(Loss)/Profit for the period has been arrived at after charging:				
Staff cost excluding directors' emoluments:				
– Salaries, bonus and other benefits	2,649	1,517	7,909	4,955
– Contributions to retirement benefits schemes	82	59	241	158
Total staff costs, excluding directors' emoluments	2,731	1,576	8,150	5,113
Auditors' remuneration	450	56	578	169
Depreciation of property, plant and equipment	324	422	969	1,258
Loss on disposal of an associate (note)	1,274	–	1,274	1,066
Share based payments	1,231	–	3,701	–
Listing expenses	1,312	1,421	12,191	3,011
Net exchange loss	4,384	306	1,969	546

Note: Loss on disposal of an associate in YTD Dec 2016 was related to disposal of Nicewell Sale Shares as defined and disclosed in the Company's announcement dated 17 November 2016 ("Nicewell Transaction").

Loss on disposal of an associate in YTD Dec 2015 was related to disposal of AJ Investments Limited as disclosed in the Prospectus.

9. DIVIDENDS

	YTD Dec 2016 HK\$'000	YTD Dec 2015 HK\$'000
Dividends recognised as distribution to ultimate holding company/non-controlling interests during the period by:		
<u>The Company</u>		
2016 interim, paid – HK\$35,000,000 per share	35,000	–
<u>Altus Investments</u>		
2016 first interim, paid – HK\$0.11 per share	530	–
2016 second interim, paid – HK\$0.44 per share	2,220	–
<u>Residence Motoki Investment Limited (“Residence”)</u>		
2016 first interim, paid – JPY 1,543 per share (equivalent to HK\$111 per share)	333	–
2016 second interim, paid – JPY 2,283 per share (equivalent to HK\$172 per share)	110	–
2016 third interim, paid – JPY 38,200 per share (equivalent to HK\$2,823 per share)	1,804	–
2015 second interim, paid – JPY 2,450 per share (equivalent to HK\$158 per share)	–	475
<u>Smart Tact</u>		
2016 first interim, paid – JPY 868 per share (equivalent to HK\$61 per share)	82	–
<u>I Corporation</u>		
2016 first interim, paid – JPY 40,418 per share (equivalent to HK\$2,946 per share)	41	–
2016 second interim, paid – JPY 2,278,511 per share (equivalent to HK\$156,306 per share)	2,188	–
2015 interim, paid – JPY 198,417 per share (equivalent to HK\$13,000 per share)	–	182
<u>EXE Rise Shimodori Investor Limited (“EXE”)</u>		
2016 interim, paid – JPY 66,691 per share (equivalent to HK\$4,928 per share)	49	–
<u>Altus Asset Management Limited</u>		
2015 final, paid – HK\$3,786 per share	–	1,060
<u>Smart Tact HK</u>		
2015 final, paid – HK\$872 per share	–	4,020
	42,357	5,737

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the following data:

	3Q FY2017 (Unaudited) HK\$'000	3Q FY2016 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000	YTD Dec 2015 (Unaudited) HK\$'000
(Loss)/Earnings for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share	(3,865)	5,208	(10,613)	10,943
	31 December 2016 '000	31 December 2015 '000	31 December 2016 '000	31 December 2015 '000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	765,217	600,000	682,609	600,000

The number of ordinary shares for the purpose of calculating basic (loss)/earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in the Prospectus) had been effective on 1 April 2015.

No diluted (loss)/earnings per share for the periods was presented as there were no potential ordinary shares in issue during the periods.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group focuses on corporate finance and property investment. In respect of corporate finance, the Group primarily offers sponsorship, financial advisory and compliance advisory services to its clients. For property investment, the Group invests in real estate in Japan and Hong Kong and derives rental income therefrom.

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 17 October 2016.

Business Review

For 3Q FY2017, the Group recorded revenue of HK\$12.60 million, representing an increase of approximately 6.0% compared to 3Q FY2016. Corporate finance activities contributed approximately 51.6% of the Group's revenue in 3Q FY2017, while the remaining portion of revenue was derived from property investment activities of the Group.

Corporate finance

Revenue from corporate finance services of the Group in 3Q FY2017 and 3Q FY2016 amounted to approximately HK\$6.5 million and HK\$6.7 million respectively. Overall revenue from corporate finance services maintained stable, whilst revenue derived from financial advisory and compliance advisory services accounted for a higher portion of overall revenue from corporate finance services in 3Q FY2017 compared to 3Q FY2016.

The decline in revenue from sponsorship services in 3Q FY2017 was mainly attributable to its project-based transaction nature and progress-based payment arrangement, while the increases in revenue from financial advisory services and compliance advisory services were primarily due to the respective increases in number of engagement during 3Q FY2017 compared to 3Q FY2016.

Property investment

During 3Q FY2017, the Group's property investment portfolio had increased to 16 buildings (and a piece of freehold land) in Japan (3Q FY2016: 14 buildings) and one commercial unit in Hong Kong ("**Property(ies)**"). Details relating to the acquisitions in Sapporo, Japan ("**New Properties**") have been disclosed in the Company's announcements dated 17 November 2016 and 19 December 2016 respectively.

The Property in Hong Kong was fully occupied during this period, while the occupancy rate for the portfolio in Japan (excluding the New Properties) remained stable at 94.5% (3Q FY 2016: 95.9%).

Compared with 3Q FY2016, revenue from property investment activities increased by approximately 18.2% in 3Q FY2017 to approximately HK\$6.1 million. The increase in revenue was mainly contributed by the appreciation of JPY against HK\$ in 3Q FY2017 compared to 3Q FY2016.

With respect to the capital expenditure reserve set aside as a precautionary measure for the Group's Property in Kumamoto Prefecture, based on latest indication from the asset manager, the renovation costs is expected to be lower than the amount of JPY10.0 million (equivalent to HK\$0.7 million) previously set aside. During YTD December 2016, the Group has incurred JPY0.4 million (equivalent to approximately HK\$30,500) for repairs and maintenance arising from the earthquake in Kumamoto Prefecture in April 2016.

Net (loss)/profit for the period

The Group recorded a net loss of HK\$3.6 million in 3Q FY2017 as compared with net profit of HK\$5.2 million in 3Q FY2016. The decrease in the Group's profitability during the period was mainly attributable to the significant increase in administrative and operating expenses to approximately HK\$15.4 million.

In particular, the substantial increase was primarily due to (i) higher staff cost (excluding directors' emoluments) which is in line with the Group's strategy for enhancement of human resources; (ii) share based payments as described in the Prospectus; and (iii) the net exchange loss of approximately HK\$4.4 million (3Q FY2016: HK\$0.3 million) due to weaker JPY in 3Q FY2017 as compared to JPY for the six months ended 30 September 2016.

The Group's profitability in 3Q FY2017 was also negatively impacted by the share of losses of associates of approximately HK\$19,000 in 3Q FY2017 as opposed to a share of profit of associates of approximately HK\$1.0 million in 3Q FY2016.

Listing and use of proceeds

The Listing occurred on 17 October 2016 with the Company successfully placed 200,000,000 new shares at the placing price of HK\$0.425 per share to raise gross proceeds of HK\$85.0 million. Net proceeds from the Placing amounted to HK\$67.0 million (excluding fees of HK\$2.0 million paid to Altus Capital Limited as one of the Joint Sponsors of the Company in connection with the Listing), which has been/will be deployed as to:

- (i) HK\$47.0 million for repayment of debts;
- (ii) HK\$10.0 million for expanding the range of corporate finance services offered to the Group's clients, in particular, to undertake underwriting or placing activities for its sponsorship clients;
- (iii) HK\$4.0 million for enhancement of human resources; and
- (iv) HK\$6.0 million for working capital and other general corporate purposes of the Group.

As at 31 December 2016, the net proceeds had been utilised as follows:

	Actual net proceeds	Amount utilised as at 31 December 2016	Balance
	HK\$ million	HK\$ million	HK\$ million
Repayment of debts	47.0	47.0	0
Expansion of corporate finance service			
– underwriting	10.0	0	10.0
Enhancement of human resources	4.0	1.3	2.7
General working capital	6.0	6.0	0
Total	67.0	54.3	12.7

As at 31 December 2016, unutilised proceeds of approximately HK\$12.7 million were deposited in a licensed bank in Hong Kong.

Outlook

The Directors expect the Group's property investment business to remain stable and continue to generate recurring rental income. The Group intends to expand its property investment portfolio in line with its investment objectives as stated in the Prospectus and its interim report for the six months ended 30 September 2016 ("FY2017 Interim Report") when appropriate investment opportunities arise.

With regards to the Group's corporate finance services, it is noted that potential tightening of the regulatory environment as disclosed in the FY2017 Interim Report may lead to market uncertainties. In this respect, the regulation on standard of conduct that is expected of the sponsors, underwriters and placing agents in the listing and placing of GEM initial public offering (IPO) stocks has recently been tightened. Consequently, we expect more time may be required to identify and select suitable transactions and clients for its expansion.

The Directors have confidence in the Group's ability to continuously adhere to the relevant regulatory requirements, adopt to the changing regulatory environment, and intend to enhance the Group's capacity to cater for growing demand as mentioned in the Prospectus.

There have been no material changes to the Group's business and operating environment since 31 December 2016.

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 December 2016, 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 in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Interest or short positions in the shares of the Company:

Name of Director	Notes	Number of the shares interested ^(Note 3)	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ip	1	600,000,000 (L) 37,800,000 (S)	75.0 4.7
Mr. Chang Sean Pey ("Mr. Chang")	2	24,900,000 (L)	3.1
Ms. Leung Churk Yin Jeanny ("Ms. Leung")	2	12,900,000 (L)	1.6

Notes:

- (1) 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.*
- (2) Pursuant to the Option Deeds entered into between KHHL and each of Mr. Chang and Ms. Leung, KHHL granted call options to Mr. Chang and Ms. Leung, entitling them to purchase from KHHL up to 24,900,000 and 12,900,000 Option Shares (as defined in the Prospectus), representing approximately 3.1% and 1.6% of the issued share capital of the Company (without taking into account of any shares which may be issued pursuant to the exercise of any options which may be granted under the share option scheme), at the exercise price of HK\$0.00004 per Option Share (subject to adjustment).*
- (3) The letters “L” and “S” denote a long position and a short position in the shares of the Company respectively.*

Interests in associated corporations of the Company:

Name	Name of associated corporation	Nature of interest	Interests in shares^(Note 1)	Approximate percentage shareholding (%)
Mr. Ip	KHHL ^(Note 2)	Beneficiary of a trust	204 (L)	80.0
	I Corporation ^(Note 3)	Interest of spouse	14 (L)	20.0
Ms. Leung	Residence	Beneficial owner	10 (L)	0.33
Mr. Chang	Residence	Beneficial owner	5 (L)	0.17

Notes:

- (1) The letter “L” denotes a long position in the shares of the Company.*
- (2) KHHL is a company which is owned as to 20% by Ms. Chan and as to 80% by The Trustee on behalf of The Hecico 1985 Trust, of which Mr. Ip is one of the beneficiaries. By virtue of the SFO, Mr. Ip is deemed to be interested in the shares of KHHL held by the Trustee.*
- (3) Pursuant to the SFO, Mr. Ip, the spouse of Ms. Ho Shuk Yee, Samantha (“**Ms. Ho**”), is deemed to be interested in the shares of I Corporation held by Ms. Ho.*

Save as disclosed above, as at 31 December 2016, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above and "Share Option Scheme" below, at no time during YTD Dec 2016 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2016, 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:

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

Name of shareholder	Nature of interest	Number of shares interested ^(Note 1)	Approximate percentage of the total issued share capital of the Company (%)
KHHL ^(Note 2)	Beneficial owner	600,000,000 (L)	75.0
		37,800,000 (S) ^(Note 3)	4.7
The Trustee	Trustee	600,000,000 (L)	75.0
		37,800,000 (S) ^(Note 3)	4.7
Ms. Chan ^(Note 2)	Founder of a discretionary trust	600,000,000 (L)	75.0
		37,800,000 (S) ^(Note 3)	4.7
Mr. Ip ^(Note 2)	Beneficiary of a trust	600,000,000 (L)	75.0
		37,800,000 (S) ^(Note 3)	4.7
Ms. Ip ^(Note 2)	Beneficiary of a trust	600,000,000 (L)	75.0
		37,800,000 (S) ^(Note 3)	4.7
Ms. Ho ^(Note 4)	Interest of spouse	600,000,000 (L)	75.0
		37,800,000 (S) ^(Note 3)	4.7

Notes:

- (1) The letters "L" and "S" denote a long position and a short position in the shares of the Company respectively.
- (2) 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.
- (3) Pursuant to the Option Deeds entered into between KHHL and each of Mr. Chang and Ms. Leung, KHHL granted call options to Mr. Chang and Ms. Leung, entitling them to purchase from KHHL up to 24,900,000 and 12,900,000 Option Shares, representing approximately 3.1% and 1.6% of the issued share capital of our Company (without taking into account of any shares which may be issued pursuant to the exercise of any options which may be granted under the share option scheme), at the exercise price of HK\$0.00004 per Option Share (subject to adjustment).
- (4) Pursuant to the SFO, Ms. Ho, the spouse of Mr. Ip, is deemed to be interested in all the shares of the Company in which Mr. Ip is deemed to be interested in.

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

Name of shareholder	Name of member of our Group	Nature of interest	Number of shares ^(Note)	Percentage of shareholding (%)
Ms. Ho	I Corporation	Beneficial owner	14 (L)	20.0
Mr. Henry Shih	Smart Tact Residence	Beneficial owner	922 (L)	10.0
		Beneficial owner	300 (L)	10.0
Mr. Richard Lo	Residence	Interest in controlled corporations	300 (L)	10.0
	EXE	Beneficial owner	10 (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 December 2016, 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.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company from the date of Listing on 17 October 2016 up to the date of this report and neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercise any conversion or subscription rights under any convertible securities, options, warrants or similar rights from the date of Listing on 17 October 2016 up to date of this report.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) by shareholder resolution passed on 26 September 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. No share option has been granted by the Company since the adoption of the Share Option Scheme and there was no share option outstanding as at 31 December 2016.

CORPORATE GOVERNANCE

The Company has not engaged in any activities falling under the continuing disclosure requirements pursuant to the Rules 17.22 and 17.24 of the GEM Listing Rules.

Since Listing, the Board has reviewed the Group’s corporate governance practices and is satisfied that the Group has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rule.

COMPETING INTERESTS

Saved as disclosed at Prospectus, as at 31 December 2016, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

INTEREST OF THE COMPLIANCE ADVISER

As at the date of this report, New Spring Capital Limited (“**New Spring Capital**”), the compliance adviser of the Company, has confirmed that except for (i) New Spring Capital participation as a sponsor in relation to the Listing, and (ii) the compliance adviser agreement entered into between the Company and New Spring Capital dated 8 April 2016, neither New Spring Capital nor its directors, employees or close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the Corporate Governance Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Chan Sun Kwong. The other members are Mr. Chao Tien Yo and Mr. Lee Shu Yin respectively. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the risk management and internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to C.3.3 of the Code on Corporate Governance Practices, the Audit Committee has reviewed the unaudited condensed consolidated results of the Group for YTD Dec 2016 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

BOARD OF DIRECTORS

As at the date of this report, the Directors are:

Executive Directors:

Mr. Ip Arnold Tin Chee

Mr. Chang Sean Pey

Ms. Leung Churk Yin Jeanny

Independent Non-executive Directors:

Mr. Chao Tien Yo

Mr. Chan Sun Kwong

Mr. Lee Shu Yin

By Order of the Board of
ALTUS HOLDINGS LIMITED
Ip Arnold Tin Chee
Chairman

Hong Kong, 13 February 2017

This report will remain on the GEM website at <http://www.hkgem.com> on the "Latest Listed Company Information" page for at least seven days from the day of its publication and posting and will be published and remains on the website of the Company at <http://www.altus.com.hk>.