ALTUS

ALTUS HOLDINGS LIMITED
浩德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8149)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, 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 announcement 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 announcement misleading.*

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2017 ("**FY2017**"), together with the audited comparative figures for the year ended 31 March 2016 ("**FY2016**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*4*	**51,761**	48,160
Other income	*6*	**5,629**	13,082
Net increase (decrease) in fair value of investment properties		**24,986**	(303)
Changes in fair value of derivative financial liabilities		**25**	(512)
Impairment loss on available-for-sale investments		**(468)**	(4,692)
Property expenses		**(8,073)**	(6,994)
Administrative and operating expenses		**(47,717)**	(27,708)
Share of results of associates		**(1,893)**	4,372
Finance costs	*7*	**(3,520)**	(3,317)
Profit before tax		**20,730**	22,088
Income tax expense	*8*	**(7,682)**	(4,395)
Profit for the year	*9*	**13,048**	17,693
Other comprehensive income (expense) for the year			
Items that will be subsequently reclassified to profit or loss			
Reclassification adjustments for the cumulative loss included in profit or loss upon disposal of available-for-sale investments		**–**	(1,412)
Change in fair value of available-for-sale investments		**424**	(4,279)
Reclassification adjustment upon impairment of available-for-sale investments		**–**	4,692
Exchange differences arising on translating foreign operations		**4,779**	14,189
Share of translation reserve of associates		**(8)**	2,328
Other comprehensive income for the year		**5,195**	15,518
Total comprehensive income for the year		**18,243**	33,211
Profit for the year attributable to:			
Owners of the Company		**12,356**	17,331
Non-controlling interests		**692**	362
		13,048	17,693
Total comprehensive income for the year attributable to:			
Owners of the Company		**17,330**	32,478
Non-controlling interests		**913**	733
		18,243	33,211
Earnings per share *(HK cents)*	*11*		
– Basic and diluted		**1.79**	2.89

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**44,663**	45,531
Investment properties		**429,001**	351,721
Interests in associates		**6,248**	29,090
Available-for-sales investments	12	**3,081**	1,335
Deposit paid for acquisition of investment properties		**2,085**	–
		485,078	427,677
Current assets			
Trade and other receivables	13	**4,383**	12,208
Amount due from a director		**–**	2,098
Amounts due from associates		**–**	1,229
Deposits placed in financial institution		**382**	151
Bank balances and cash		**81,424**	53,662
		86,189	69,348
Current liabilities			
Trade and other payables	14	**10,114**	8,530
Amount due to ultimate holding company		**–**	31,484
Amount due to a director		**483**	121
Amounts due to associates		**–**	37
Tax payable		**2,886**	4,323
Secured bank borrowings		**72,672**	66,694
		86,155	111,189
Net current asset (liabilities)		**34**	(41,841)
Total assets less current liabilities		**485,112**	385,836
Non-current liabilities			
Secured bank borrowings		**65,324**	62,270
Derivative financial instruments		**686**	887
Other payables – tenant deposits – over 1 year	14	**92**	73
Provision for long service payment		**168**	168
Deferred tax liabilities		**20,123**	11,871
		86,393	75,269
		398,719	310,567
Capital and reserves			
Share capital	15	**8,000**	50,195
Reserves		**382,047**	249,317
Equity attributable to owners of the Company		**390,047**	299,512
Non-controlling interests		**8,672**	11,055
		398,719	310,567

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *(note i)* *HK$'000*	Other reserve *(note ii)* *HK$'000*	Special reserve *(note ii)* *HK$'000*	Investment revaluation reserve *HK$'000*	Shareholder contribution *(note iv)* *HK$'000*	Exchange reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 April 2016	50,195	98,065	6	(41,511)	–	357	(26,584)	218,984	299,512	11,055	310,567
Profit for the year	–	–	–	–	–	–	–	12,356	12,356	692	13,048
Other comprehensive income for the year:											
– Change in fair value of available-for-sale investments	–	–	–	–	424	–	–	–	424	–	424
– Exchange differences arising on translating of foreign operations	–	–	–	–	–	–	4,558	–	4,558	221	4,779
– Share of translation reserve of associates	–	–	–	–	–	–	(8)	–	(8)	–	(8)
	–	–	–	–	424	–	4,550	–	4,974	221	5,195
Total comprehensive income for the year	–	–	–	–	424	–	4,550	12,356	17,330	913	18,243
Issue of shares to ultimate holding company	98,983	–	–	(71,979)	–	–	–	–	27,004	–	27,004
Capitalisation issue *(note iii)*	6,000	(6,000)	–	–	–	–	–	–	–	–	–
Issue of shares by way of placing	2,000	83,000	–	–	–	–	–	–	85,000	–	85,000
Transaction costs attributable to issue of shares	–	(5,712)	–	–	–	–	–	–	(5,712)	–	(5,712)
Contribution from shareholder	–	–	–	–	–	4,932	–	–	4,932	–	4,932
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	1,426	1,426
Acquisition of additional interest in a subsidiary	–	–	(12)	–	–	–	–	–	(12)	(236)	(248)
Arising from Reorganisation	(149,178)	(98,065)	133,753	113,490	–	–	–	–	–	–	–
Dividends paid *(note 10)*	–	–	(35,000)	–	–	–	–	(3,008)	(38,008)	(4,485)	(42,493)
At 31 March 2017	8,000	71,288	98,747	–	424	5,289	(22,034)	228,332	390,046	8,673	398,719

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2016

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *(note i)* *HK$'000*	Other reserve *(note ii)* *HK$'000*	Special reserve *(note ii)* *HK$'000*	Investment revaluation reserve *HK$'000*	Shareholder contribution *(note iv)* *HK$'000*	Exchange reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 April 2015	43,544	79,991	6	–	999	–	(42,730)	205,184	286,994	14,943	301,937
Profit for the year	–	–	–	–	–	–	–	17,331	17,331	362	17,693
Other comprehensive (expenses) income for the year:											
– Reclassification adjustments for the cumulative loss included in profit or loss upon disposal of available-for-sale investments	–	–	–	–	(1,412)	–	–	–	(1,412)	–	(1,412)
– Change in fair value of available-for-sale investments	–	–	–	–	(4,279)	–	–	–	(4,279)	–	(4,279)
– Reclassification adjustment upon impairment of available-for-sale investments	–	–	–	–	4,692	–	–	–	4,692		4,692
– Exchange differences arising on translating of foreign operations	–	–	–	–	–	–	13,818	–	13,818	371	14,189
– Share of translation reserve of associates	–	–	–	–	–	–	2,328	–	2,328	–	2,328
	–	–	–	–	(999)	–	16,146	–	15,147	371	15,518
Total comprehensive (expense) income for the year	–	–	–	–	(999)	–	16,146	17,331	32,478	733	33,211
Issue of shares by a subsidiary	4	18,443	–	–	–	–	–	–	18,447	2,556	21,003
Issue of shares to ultimate holding company *(note iii)*	41,511	–	–	(41,511)	–	–	–	–	–	–	–
Contribution from shareholder	–	–	–	–	–	357	–	–	357	–	357
Deregistration of subsidiaries *(note v)*	(34,864)	–	–	–	–	–	–	–	(34,864)	(5,340)	(40,204)
Dividends paid *(note 10)*	–	(369)	–	–	–	–	–	(3,531)	(3,900)	(1,837)	(5,737)
At 31 March 2016	50,195	98,065	6	(41,511)	–	357	(26,584)	218,984	299,512	11,055	310,567

Notes:

(i) Share premium represents the difference between the shareholders' contribution and the issued capital and it is distributable.

(ii) Other reserve and special reserve mainly include (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 results in the loss of control and they are accounted for as equity transactions.

(iii) The amounts represented the difference between the nominal value of the share capital issued by a subsidiary of the Group, Altus Investments Limited and the net assets value of subsidiaries of the Group including Galaxy Base Limited, Smart Tact Property Investment Limited and Residence Motoki Investment Limited held by the ultimate holding company.

(iv) Amounts represent the employee benefits borne by the ultimate holding company.

(v) During the year ended 31 March 2016, a subsidiary of the Group, Smart Tact Investment Limited has been deregistered and the share capital of approximately HK$39,695,000 has been returned to the ultimate shareholder of the Group and the non-controlling interest of approximately HK$34,864,000 and HK$4,831,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL

The Company was incorporated as an exempted company with limited liability on 11 November 2015 in the Cayman Islands under the Companies Law, Chapter 22 of the Cayman Islands and its shares were listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 October 2016. The ultimate holding company is Kinley-Hecico Holdings Limited ("**KHHL**"), a company incorporated in the BVI with limited liability and KHHL is ultimately controlled by two parties, Chan Kit Lai, Cecilia and The General Trust Company S.A. which the beneficiaries of the trust are Arnold Ip Tin Chee and Lam Ip Tin Wai Chyvette.

The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is engaged in investment holding and the Group's major operating subsidiaries are mainly engaged in the provision of corporate finance services and property investments.

The consolidated financial statement is 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

Pursuant to the reorganisation as described in the section headed "History, reorganisation and corporate structure" in the prospectus ("**Prospectus**") of the Company dated 30 September 2016 (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 26 September 2016.

The Group was under the common control and beneficially owned by KHHL throughout the period from 1 April 2015 or since their respective dates of incorporation up to 31 March 2017. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared and presented on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the year ended 31 March 2016 and 2017, by using the principles of merger accounting with reference to Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflows including the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence throughout the two years ended 31 March 2017. The consolidated statement of financial position of the Group as at 31 March 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at those dates.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the consolidation financial statements for the two years ended 31 March 2017, the Group has consistently adopted all the new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations ("**Int(s)**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning on 1 April 2016.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective date not yet been determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("**FVTOCI**") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have 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, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the company anticipate that the adoption of HKFRS 9 (2014) in the future may not have significant impact on amounts reported, except of the available-for-sale investments stated at cost in which subsequently will be measured at fair value, in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. The director of the Company are in the process of assessing the impacts on the consolidated financial statement.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide reconciliation between the opening and closing balances for liabilities arising from financing activities.

Amendments to HKAS 7 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 7 will result in additional disclosures on the Group's financial activities, especially reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

4. REVENUE

Revenue represents revenue arising on service rendered and leasing of investment properties during the year. An analysis of the Group's revenue for the year is as follows:

	2017	2016
	HK$'000	*HK$'000*
Corporate finance services	**27,233**	26,806
Property investment *(note)*	**24,528**	21,354
	51,761	48,160

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

	2017	2016
	HK$'000	*HK$'000*
Gross rental income from investment properties	**24,528**	21,354
Less: direct operating expenses incurred for investment properties that generated rental income during the year (included in property expenses)	**(8,073)**	(6,994)
Net rental income	**16,455**	14,360

5. SEGMENT INFORMATION

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

Specifically, the Group's reportable 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.

Year ended 31 March 2017

	Corporate finance services *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
REVENUE			
External revenue and segment revenue	**27,233**	**24,528**	**51,761**
RESULT			
Segment profit	**11,106**	**38,109**	**49,215**
Other income and expenses			**(25,000)**
Share of results of associates			**(1,893)**
Finance costs			**(1,592)**
Profit before tax			**20,730**

Year ended 31 March 2016

	Corporate finance services *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
REVENUE			
External revenue and segment revenue	26,806	21,354	48,160
RESULT			
Segment profit	15,486	11,578	27,064
Other income and expenses			(7,753)
Share of results of associates			4,372
Finance costs			(1,595)
Profit before tax			22,088

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.

Segment assets and liabilities

Segment assets

	2017	2016
	HK$'000	*HK$'000*
Corporate finance services	**2,955**	2,974
Property investment	**432,194**	352,862
Total segment assets	**435,149**	355,836
Unallocated	**136,118**	141,189
Total assets	**571,267**	497,025

Segment liabilities

	2017	2016
	HK$'000	*HK$'000*
Corporate finance services	**2,334**	2,152
Property investment	**78,357**	74,003
Total segment liabilities	**80,691**	76,155
Unallocated	**91,857**	110,303
Total liabilities	**172,548**	186,458

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, available-for-sale investments, certain other receivables, interests in associates, amounts due from associates/a director, deposits placed in financial institution, bank balances and cash and other corporate assets; and

- all liabilities are allocated to operating segments other than amounts due to ultimate holding company/a director/associates, certain other payables, tax payable, certain secured bank borrowings, derivative financial liabilities, deferred tax liabilities and other corporate liabilities.

Revenue from major services

An analysis of the Group's revenue from provision of corporate finance service and leasing of investment properties is as follows:

	2017	2016
	HK$'000	*HK$'000*
Sponsorship services	**13,084**	17,036
Financial advisory services	**9,127**	6,381
Compliance advisory services	**4,087**	3,223
Other corporate finance services	**935**	166
	27,233	26,806
Rental income	**24,528**	21,354
	51,761	48,160

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 available-for-sale investments, is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**29,043**	28,505	**108,163**	103,531
Japan	**22,718**	19,655	**373,834**	322,811
	51,761	48,160	**481,997**	426,342

During the years ended 31 March 2017 and 2016, there is no single customer contributes over 10% of the Group's total revenue.

6. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**26**	7
Net exchange gain	**–**	221
Dividend income from available-for-sale investments	**557**	8,038
Gain on bargain purchase	**824**	–
Gain on disposal of available-for-sale investments	**–**	1,412
Reversal of impairment losses of trade receivables	**16**	158
Administrative fee income	**3,892**	2,991
Marketing service income	**66**	230
Sundry income	**248**	25
	5,629	13,082

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on amount due to ultimate holding company	**22**	91
Interests on secured bank borrowings	**3,498**	3,226
	3,520	3,317

8. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
– Current year	**1,474**	1,892
– Over-provision in respect of previous year	**–**	(34)
	1,474	1,858
Japanese Corporate Income Tax	**52**	40
Japanese Withholding Tax	**1,387**	1,307
	2,913	3,205
Deferred taxation	**4,769**	1,190
	7,682	4,395

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years ended 31 March 2017 and 2016.

Under the Japan Corporate Income Tax Law, Japanese Corporate Income Tax is calculated at 33.06% of the estimated assessable profits for the years ended 31 March 2017 and 2016. However, regarding to the TK Arrangement, the applicable tax rate of those Japanese subsidiaries is 20.42% for the years ended 31 March 2017 and 2016.

Japanese Withholding Tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for the years ended 31 March 2017 and 2016.

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.

9. PROFIT FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Staff cost, excluding directors' emoluments		
– Salaries, bonus and other benefits	**10,323**	7,046
– Contributions to retirement benefits scheme	**320**	220
Total staff costs excluding directors' emoluments	**10,643**	7,266
Auditors' remuneration	**900**	225
Depreciation of property, plant and equipment	**1,287**	1,664
Loss on disposal of associate (included in administrative and other operating expenses)	**1,274**	1,066
Share based payments	**4,932**	357
Net exchange loss	**950**	–
Listing expenses (included in administrative and other operating expenses)	**11,251**	3,607

10. DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 March 2016. During the year ended 31 March 2017, dividend of HK$35,000,000 was paid by the Company to its then shareholders prior to the completion of the Reorganisation and no dividend was paid or proposed after the Reorganisation.

During the year ended 31 March 2017, interim dividends of approximately HK$7,493,000 (2016: HK$5,737,000) were paid by the subsidiaries of the Group, to its then shareholders prior to the completion of the Reorganisation.

Subsequent to the end of the reporting period, a final dividend of Hong Kong 0.2 cent in respect of the year ended 31 March 2017 per share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

11. EARNINGS PER SHARE

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

Earnings

	2017	2016
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (Profit for the year attributable to the owners of the Company)	**12,356**	17,331

Number of shares

	2017	2016
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**690,959**	600,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for the years ended 31 March 2017 and 2016 have been retrospectively adjusted for the effects of capitalisation issue as detailed in the section headed "Share capital" in the Prospectus.

Dilutive earnings per share are same as basic earnings per share for the years ended 31 March 2016 and 2017 as there were no dilutive potential ordinary share during the years ended 31 March 2016 and 2017.

12. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2017	2016
	HK$'000	*HK$'000*
Listed investments (stated as fair value):		
– Equity securities listed in Hong Kong	**1,395**	–
– Equity securities listed in Singapore	**182**	650
	1,577	650
Unlisted investments (stated at cost):		
– Debentures and club memberships	**1,504**	685
Total	**3,081**	1,335

Note: As at 31 March 2017, the fair value of the equity securities listed in Singapore is lower than the cost of the equity securities and approximately HK$468,000 (2016: HK$4,692,000) has been impaired accordingly.

13. TRADE AND OTHER RECEIVABLES

a) 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 allowance 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 periods.

	2017	2016
	HK$'000	*HK$'000*
– Within 30 days	**1,606**	2,736
– More than 30 but within 60 days	**25**	3
– More than 60 but within 90 days	**–**	–
– More than 90 but within 180 days	**151**	–
– Over 180 days	**125**	–
	1,907	2,739

Trade receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

b) The following is an analysis of other receivables at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
Deposits	**382**	128
Prepayments	**869**	532
Dividend receivable	**–**	7,838
Other receivables	**1,225**	971
	2,476	9,469

14. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**76**	93
Other payables	**10,130**	8,510
	10,206	8,603
Analysed for reporting purposes:		
Current portion	**10,114**	8,530
Non-current portion	**92**	73
	10,206	8,603

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

As at 31 March 2016, included in other payables of approximately HK$91,000 (2017: nil) was interest payable to ultimate holding company in relation to the amount due to ultimate holding company.

15. SHARE CAPITAL

The share capital of the Group as at 31 March 2016 represented the aggregate of share capital of the companies now comprising the Group. The share capital of the Group as at 31 March 2017 represented the share capital of the Company.

The Company	**Number of Ordinary shares**	**Share capital**
		HK$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 11 November 2015 (date of incorporation) and 31 March 2016 *(note (a))*	38,000,000	380
Increase on 26 September 2016 *(note (b))*	4,962,000,000	49,620
At 31 March 2017	5,000,000,000	50,000
Issued and fully paid:		
At 11 November 2015 (date of incorporation) and 31 March 2016 *(note a)*	1	–
Issued by capitalisation of the share premium account *(note d)*	599,999,999	6,000
Issued of shares upon listing *(note c)*	200,000,000	2,000
At 31 March 2017	800,000,000	8,000

Notes:

(a) On 11 November 2015, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. At the date of incorporation, one share was allotted and issued nil paid to the subscriber, which was then transferred to KHHL at nil consideration on the same date.

(b) Pursuant to the written resolutions passed by the shareholders of the Company on 26 September 2016, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of a additional 4,962,000,000 ordinary shares of HK$0.01 each.

(c) In connection with the Company's Placing and listing on 17 October 2016, the Company issued 200,000,000 ordinary shares of HK$0.01 each for cash at a price of HK$0.425 per share (the "**Placing**"). Of the gross proceeds from the Placing of HK$85,000,000, HK$2,000,000 representing the par value credit to the share capital, and HK$83,000,000, before the share issue expenses, were credited to the share premium account.

(d) On 26 September 2016, pursuant to the resolution passed by the then shareholders of the Company, it was approved to issue 599,999,999 ordinary shares of HK$0.01 each to the then shareholders by way of capitalisation of HK$5,999,999.99 standing to the credit of the share premium account of the Company following the placing of 200,000,000 ordinary shares of the Company. Such shares were issued on 17 October 2016, being the date of completion of the Listing.

(e) All shares issued during the year ended 31 March 2017 rank pari passu in all respects among themselves and with the then existing shares.

16. RELATED PARTY TRANSACTIONS

Except disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2017 and 2016, the Group entered into the following transactions with related parties:

Name of the related party	Relationship	Nature of transactions	**2017** *HK$'000*	2016 *HK$'000*
KK Tenyu Asset Management	Associate	Marketing service income received (included in other income)	**66**	230
		Listing expenses paid	**(81)**	–
		Asset management fee paid	**(270)**	(168)
		Guarantee fee paid	**(148)**	(141)
Japan Special Situation Investment Limited ("JSSI")	Former associate	Accountancy fee income received (included in other income)	**16**	24
Japan Residential Assets Manager Ltd	Associate	Administrative fee income received	**3,892**	2,991
KHHL	Ultimate holding company	Interest paid	**(22)**	(91)

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

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

(i) On 23 March 2017, a wholly owned subsidiary of the Group, GK Yuzuha, has entered into a sales and purchase agreement with two independents vendors, Godo Kaisha Gyokou and Yugen Kaisha Shinzan, to acquire three properties located in Japan (the "Acquisition") with the total cash consideration of JPY1,050,000,000 (equivalent to approximately HK$73,200,000) excluding acquisition related expenses for the purpose of the rental earnings and/or for capital appreciation. The transaction was completed in April 2017 and the Acquisition has been constituted as major transaction. Details of the Acquisition are set out in the circular dated 27 April 2017.

(ii) On 26 June 2017, the Group has acquired 8.1% equity interest in JSSI from a non-controlling shareholders with a cash consideration of approximately JPY 23,602,575 (equivalent to approximately HK$1,700,000). Details of this acquisition are set out in an announcement dated 26 June 2017.

JSSI's financial results has been consolidated into the accounts of the Group since the completion of the acquisition of approximately 64.9% of the entire issued share capital of JSSI by Starich Resources Limited in November 2016. Upon completion of the acquisition of the abovementioned 8.1% equity interest in JSSI in June 2017, Starich Resources Limited would further increase its direct interest in JSSI from approximately 64.9% to approximately 73.0%; and continue to indirectly own an interest in JSSI of approximately 27.0% via a non-wholly owned subsidiary I Corporation.

OPERATION REVIEW AND FINANCIAL REVIEW

Review of Operations

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 GEM of the Stock Exchange on 17 October 2016 (the "**Listing**") where it placed 200,000,000 new shares at the placing price of HK$0.425 per share, raising gross proceeds of HK$85.0 million.

Corporate Finance

The Group recorded revenue of approximately HK$27.2 million in FY2017, a slight increase of 1.5% over FY2016. A breakdown of the Group's corporate finance revenue is as follows:

	For the year ended 31 March					
	2017			2016		
	Revenue *HK$'000*	**% of corporate finance revenue**	**Number of active engagements** ***(note)***	Revenue *HK$'000*	% of corporate finance revenue	Number of active engagements *(note)*
Sponsorship	**13,084**	**48%**	**6**	17,036	63%	11
Financial advisory	**9,127**	**34%**	**37**	6,381	24%	44
Compliance advisory	**4,087**	**15%**	**8**	3,223	12%	7
Others	**935**	**3%**	**7**	166	1%	3
Total	**27,233**	**100%**		26,806	100%	

Note: Active engagements represent corporate finance engagements from which the Group had derived income during the relevant financial year. It excludes inter-group revenue received by Altus Capital Limited, a subsidiary of the Company, for acting as joint sponsors of the Company's listing in October 2016, as well as for acting as financial adviser to the Company subsequent to the Listing.

Revenue from sponsorships reduced in FY2017 in line with the lower number of active engagements as certain resources were deployed internally towards the Company's own listing application. Of the active sponsorship engagements in FY2017, GME Group Holdings Limited (stock code: 8188) was listed in February 2017. The other active engagements were, amongst others, being vetted by regulators or were in preparation for submission of listing application during FY2017.

In respect of financial advisory engagements, revenue recorded in FY2017 was about 43% higher than the previous financial year despite fewer number of active engagements. This was due to several financial advisory engagements which were more complex and longer in duration, such as acting as financial adviser to Global Tech (Holdings) Limited (stock code: 143) for a very substantial acquisition and its rights issue, and acting as financial adviser to Haotian Development Group Limited (stock code: 474) for its mandatory cash offer for Fujian Nuoqi Co., Ltd (stock code: 1353).

Revenue from compliance advisory as well as other services increased in FY2017, generally in line with the number of engagements.

Property Investment

As at 31 March 2017, the Group had a portfolio of 17 investment properties in Japan and one investment property in Hong Kong. This investment property portfolio contributed rental income of approximately HK$24.5 million in FY2017. In addition to the above, the Group also owned its principal place of business at 21 Wing Wo Street, Central, Hong Kong which is classified as property, plant and equipment.

Japan

A summary of the investment properties in Japan as at 31 March 2017 are as follows:

	Property name	Location	Net rentable area (sq.ft.)	Number of units	Appraised value as at 31 March 2017 JPY million	Appraised value in the Prospectus JPY million	Average occupancy in FY2017 (by revenue)
1.	Ark Palace Hiragishi	Sapporo	14,468	54	386	381	98%
2.	Kitano Machikado GH *note 1*	Sapporo	1,061	5	27	N.A.	N.A.
3.	LC One	Sapporo	6,575	26	135	133	97%
4.	Libress Hiragishi	Sapporo	11,549	36	163	162	95%
5.	Nouvelle 98	Sapporo	13,785	38	222	219	95%
6.	Rakuyukan 36 *note 2*	Sapporo	13,960	38	313	N.A.	100%
7.	South 1 West 18 Building	Sapporo	15,547	37	258	254	91%
8.	T House	Sapporo	6,751	24	139	137	97%
9.	Tommy House Hiragishi	Sapporo	8,778	28	153	152	90%
10.	Uruoi Kawanone *note 3*	Sapporo	15,553	64	595	N.A.	20%
11.	White Building A & B	Sapporo	13,722	56	217	215	100%
12.	City Court Suginami	Hakodate	13,640	44	223	220	88%
13.	Azabu Sendaizaka Hills	Tokyo	12,045	7	1,310	1,310	100%
14.	Azabu Juban Crown Building	Tokyo	2,341	5	245	254	86%
15.	Residence Motoki	Fukuoka	11,989	12	272	271	84%
16.	Wealth Fujisaki	Fukuoka	7,387	10	172	171	92%
17.	Rise Shimodori EXE	Kumamoto	14,151	35	429	401	96%

Notes:

1. Kitano Machikado GH is a house comprising 5 rooms, one living room, one dining room and one kitchen (i.e. 5LDK), the construction of which was completed by end of March 2017. Tenants started moving in during May 2017.

2. Rakuyukan 36 is held by JSSI, which the Group had increased its attributable interest to approximately 86.5% in November 2016. Details of the acquisition are set out in an announcement of the Company dated 17 November 2016. On 26 June 2017, the Group further acquired approximately 8.1% equity interest in JSSI. Details are set out in an announcement of the Company dated 26 June 2017.

3. The acquisition of Uruoi Kawanone was completed in December 2016 with vacant possession. It serves as accommodation for elderly who started to move in during March 2017.

The investment properties in Japan are mainly for residential purposes.

In particular, certain properties in Sapporo such as Ark Palace Hiragishi, Rakuyukan 36, Uruoi Kawanone, Kitano Machikado GH and White Building A & B target residents who require access to nursing care or support services.

In October 2016, the Group acquired a parcel of land and subsequently constructed Kitano Machikado GH. In November 2016, the Group had consolidated its controlling interests in Rakuyukan 36 when it acquired an additional 64.9% shareholding interests, bringing the Group's attributable interests in Rakuyukan 36 to 86.5%. The Group also acquired Uruoi Kawanone in December 2016. These acquisitions were in line with the Group's view that the overall aging pattern in the demography of Japan supports an expected rising rental demand for properties which cater to business operators and tenants of such market segment.

During FY2017, the Group disposed of its 27.0% shareholding interests in Nicewell Enterprises Limited which owned two residential properties in Sapporo for approximately JPY159.5 million. This was in line with the Group's preferred strategy of having controlling interests. It also allowed the Group to realise a gain from this investment which was made more than ten years ago.

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 out throughout FY2017. Its appraised value as at 31 March 2017 was HK$63.5 million.

Others

The Group's 40%-owned associate, Japan Residential Assets Manager Limited ("**JRAM SG**"), is the manager of Saizen REIT, a real estate investment trust listed on the Mainboard of the Singapore Stock Exchange Securities Trading Limited. Saizen REIT had issued its notice of termination in May 2017, following the distribution to unitholders of the bulk of its sale proceeds from the disposal of its entire property portfolio in 2016. JRAM SG is expected to be wound up after Saizen REIT's termination.

Compliance with laws and regulations

The Group has put in place compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing responsibility to monitor adherence and compliance with all significant legal and regulatory requirements. These policies and procedures are reviewed regularly. As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the businesses and operations of the Group.

Financial Review

Review of Operating Results

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

Revenue

The Group recorded revenue of HK$51.8 million in FY2017 compared with HK$48.2 million in FY2016, representing an increase of approximately 7.5%. The increase was driven mainly by a 14.9% increase in property investment revenue from HK$21.4 million in FY2016 to HK$24.5 million in FY2017.

Corporate finance

Revenue of corporate finance services meanwhile increased marginally by 1.5%, as despite a reduction of sponsorship revenue from HK$17.0 million to HK$13.1 million in FY2017, the shortfall was made up by revenue increases of all other advisory services. Tightening in the regulatory environment for companies seeking listings on the Stock Exchange had generally resulted in longer preparatory time as well as regulatory vetting of listing applications, leading to more uncertainties in the Group's achievement of milestones during the process.

Revenue recorded for all other advisory services increased, underpinned by several financial advisory engagements which were more complex and longer in duration, which in turn allowed the Group to command higher fees.

Property investment

The higher revenue from property investment in FY2017 was mainly due to the consolidation of the financial results of JSSI (the holding company of Rakuyukan 36) from November 2016 onwards after the Group had consolidated its controlling interests in JSSI. Prior to such acquisition of additional interest, JSSI was an associated company of the Company which financial results was not consolidated into the Group. Save for this, revenue from other properties had generally remained stable during FY2017.

Other income

Other income in FY2017 decreased to HK$5.6 million from HK$13.1 million in FY2016 due to a significant one-off dividend and gain on disposal of available-for-sale investments in FY2016. Such one-off dividend and gain amounted to HK$9.4 million, and its positive effect was offset by an impairment loss on available-for-sale investments as discussed below.

Impairment loss on available-for-sale investments

The impairment loss on available-for-sale investments in FY2016 amounted to HK$4.7 million. The corresponding amount for FY2017 was lower at HK$0.5 million.

Net increase (decrease) in fair value of investment properties

The Group recorded a net increase in fair value of investment properties of HK$25.0 million in FY2017 compared to a decrease of HK$0.3 million in FY2016. The significant increase mainly related to about HK$5.5 million for our Hong Kong investment property; and in Japan, the properties Uruoi Kawanone and Rise Shimodori EXE which increased by about HK$15.5 million and HK$2.0 million respectively.

Administrative and operating expenses

Administrative and operating expenses increased substantially from HK$27.7 million in FY2016 to HK$47.7 million in FY2017.

During FY2016 and FY2017, the Group had recorded significant amount of certain administrative and operating expenses which were extraordinary and non-recurring in nature, being expenses relating to the Listing and the options granted by KHHL to Mr. Chang Sean Pey and Ms. Leung Churk Yin Jeanny to purchase the shares of the Company to be held by KHHL upon Listing (the "**Call Options**"). The Listing occurred in October 2016 and the relevant expenses amounted to HK$3.6 million and HK$11.3 million in FY2016 and FY2017 respectively. Expenses relating to Call Options amounted to HK$0.4 million and HK$4.9 million in FY2016 and FY2017 respectively.

Adjusting for the aforesaid two items, fluctuations between FY2017 and FY2016 were mainly due to:

(i) increase in staff salaries and bonus, including directors' fees, salaries and bonus, from HK$16.6 million in FY2016 to HK$19.3 million in FY2017 due to higher headcount and bonuses for staff's contributions towards the Listing;

(ii) increases in third party legal and professional fees, including auditors' remuneration, from HK$1.4 million in FY2016 to HK$2.6 million in FY2017, in line with the listing status of the Company; and

(iii) exchange losses of HK$1.0 million.

Profit before tax/Profit after tax

The Group's profit before tax levels were similar at HK$20.7 million in FY2017 and HK$22.1 million in FY2016 taking into account the combined effects of the items above.

As expenses relating to the Listing is non-deductible for tax purposes, and deferred tax was provided as a result of the increase in fair value of the investment properties, income tax expense was higher at HK$7.7 million in FY2017 compared to HK$4.4 million in FY2016. Consequently, profit for FY2017 was lower at HK$13.0 million compared with HK$17.7 million.

Use of Proceeds

The Group raised net proceeds of HK$67.0 million from the Listing, of which HK$47.0 million had been deployed for repayment of debts; HK$4.0 million had been deployed for enhancement of human resources; and HK$6.0 million had been deployed for working capital and other general corporate purposes.

The remaining HK$10.0 million which had been earmarked 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 has yet to be deployed.

Depending on near term market development, the Directors will consider whether it will be appropriate to change the use of such remaining proceeds.

Liquidity, Financial Resources and Capital Structure

The Group's operations are mainly financed by shareholders' equity (including equity raised pursuant to the Listing), bank loans and cash generated from operations. Prior to the Listing, it was also partially financed by shareholder's loans.

	As at 31 March 2017 *HK$'000*	As at 31 March 2016 *HK$'000*
Current assets	**86,189**	69,348
Current liabilities	**86,155**	111,189
Current ratio (times)[(note 1)]	**1.0**	0.6
Gearing ratio (%)[(note 2)]	**34.7**	51.7

Notes:

1 Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective year.

2 Gearing ratio is calculated by dividing total debt by total equity as at the end of the respective year.

The Group's financial position improved to net current assets as at 31 March 2017 from a net current liabilities of HK$41.8 million as at 31 March 2016 due mainly to the proceeds raised from the Listing and the repayment of an amount due to the ultimate holding company of the Company upon the Listing. It is noted that included in current liabilities are certain secured bank borrowings with repayment on demand clauses despite their maturity dates being over a year from the relevant year-end dates. This classification is necessitated by the Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment Demand Clause. Loans which were classified as such amounted to HK$12.9 million as at 31 March 2017.

Gearing ratio as at 31 March 2017 improved to 34.7% from 51.7% as at 31 March 2016 due mainly to the increased in equity after the Listing.

Cash balance

As at 31 March 2017, the Group had cash and bank balances amounted to HK$81.4 million (31 March 2016: HK$53.7 million) of which HK$60.9 million was held in JPY and a further HK$0.5 million was held in currencies other than HK$.

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 FY2017, loans to be serviced by rental income generated from or secured by properties in Japan were denominated in Japanese Yen ("**JPY**"); similarly, loans secured by properties (for investment and self-occupation) in Hong Kong were serviced by income derived from Hong Kong and denominated in HK$.

To mitigate risks associated with fluctuations of interest rates, our Group had entered into derivative financial instruments in FY2017 as a means to effectively fix the interest rate of some of its loans in Japan. As at 31 March 2017, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK$25.4 million.

Bank borrowings

Total interest bearing loans of the Group increased from HK$129.0 million as at 31 March 2016 to HK$138.0 million as at 31 March 2017. It was mainly due to the Group obtaining a 20-year loan with principal amount of JPY120.0 million (equivalent to HK$8.4 million) secured by a charge over the property held under Godo Kaisha Mameha, a subsidiary of the Company and the tokumei kumiai operator, from a bank in Japan. This loan has a fixed interest rate of 2.26% per annum for the first three years (with floating rate thereafter).

As at 31 March 2017, approximately HK$76.4 million (2016: HK$61.5 million) of the Group's interest bearing loans had variable interest rates. The interest coverage ratio as at 31 March 2017 was 6.9 times (2016: 7.7 times).

Charges on the Group's assets

As at 31 March 2017, (i) both the properties in Hong Kong; and (ii) save for Kitano Machikado GH, Uruoi Kawanone, and Rakuyukan 36, all the properties in Japan, had been charged in favour of banks and financial institutions in Hong Kong and Japan for loans obtained from these banks and financial institutions.

Capital commitments/Contingent liabilities

Save as disclosed below, the Group did not have any significant capital commitments and contingent liabilities as at 31 March 2017.

On 23 March 2017, a wholly owned subsidiary of the Group, GK Yuzuha, had entered into sales and purchase agreements with two vendors, Godo Kaisha Gyokou and Yugen Kaisha Shinzan, to acquire three properties located in Japan at a total cash consideration of JPY1,050.0 million (equivalent to approximately HK$73.2 million). The transaction was completed after the end of the reporting period.

Outlook

Corporate finance

Amidst the general tightening of the regulatory environment, the Directors have observed that there has been continued demand for corporate finance services. In addition to general advisory services for listed companies, demand for sponsorship activities has continued to be strong as evidenced by the large number of new listing applications made to the Stock Exchange in the past year. The Directors intend to balance the Group's revenue source between sponsorship services and financial/compliance advisory services taking into account staff resources, complexity of deals as well as recurring nature of clients.

Meanwhile, with the changing environment of offering mechanisms and potential consequential changes to the work expected of underwriters and placing agents in underwriting and placing activities for initial public offerings, the Directors are of the view that now is not an appropriate time to expand into this area of business. Depending on near term market development, the Directors will consider whether it will be appropriate to change the use of the remaining HK$10.0 million proceeds from the Listing designated for this purpose.

Property investment

The Group's strategy for its property investment business is to retain and enhance recurring income stream via expansion and diversification of its property portfolio. With this in mind, the Directors will continue to look at having a balanced portfolio for its Japan investment property business. In this respect, subsequent to FY2017, in April 2017, the Group completed the acquisition of three residential properties in the southern Japan city of Kumamoto, namely Rise Fujisaki Dai, Rise Kumamoto Station South and Rise Shimodori at an aggregate consideration of JPY1,050.0 million. With these acquisitions, the Group's geographical exposures (by valuation) in Northern, Central and Southern Japan are approximately 45%, 25% and 30% respectively. The Group has also recently entered into a new 3-year lease for its office unit at Duddell Street, Central, Hong Kong.

Supported by the above and with the expected full-year contribution from Rakuyukan 36, leasing up of Uruoi Kawanone as well as the three acquisitions in Kumamoto in April 2017, the Directors expect the revenue from the Group's investment property portfolio to increase, contributing to recurring rental income.

Following the aforesaid series of acquisitions in Japan in the past few months, the Directors expect the pace of acquisitions may slow and the portfolio composition to remain stable.

DIVIDEND

The Board has recommended a final dividend of Hong Kong 0.2 cent per share for the financial year ended 31 March 2017. The Board did not recommend any interim dividend.

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company, will be payable on 29 September 2017 to the Shareholders whose names appear on the register of members of the Company on 5 September 2017. Shares of the Company will be traded ex-dividend as from 29 August 2017.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company ("**AGM**") will be held on Tuesday, 8 August 2017 at 9:30 a.m.. The register of members of the Company will be closed from Thursday, 3 August 2017 to Tuesday, 8 August 2017 (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 Company's shares will be registered. In order to qualify for attending and voting at the AGM, all transfers, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 2 August 2017.

The register of members of the Company will be closed from Thursday, 31 August 2017 to Tuesday, 5 September 2017, 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 or around Friday, 29 September 2017 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 5 September 2017. For the entitlement to the proposed final dividend (if any), all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 30 August 2017.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As set out in the paragraph headed "Business Strategies" under the section headed "Business" in the Prospectus, the Group's business objectives and strategies are, amongst others, (i) to grow the Group's existing corporate finance activities through enhancing human resources as well as broadening the scope of corporate finance services; (ii) to enhance the Group's recurring income stream by diversifying into different types of properties and geographical locations; and (iii) to retain our recurring income by reducing financing costs.

In respect of item (i) above, the Group has since the Listing continue to recruit suitable candidates for its corporate finance activities. Meanwhile, considering the recent tightening of regulatory environment in relation to placing and underwriting for initial public offerings, the planned expansion into this area of activities has not been implemented.

In respect of item (ii) above, the Group has since the Listing made several acquisitions of properties which cater to different tenant groups in different locations in Japan. The Group had also repaid certain bank loans using proceeds from the Listing.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2017, the Group had 25 staff (31 March 2016: 24) in total. The Group's remuneration policy is based on the relevant Director 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 Group's profit as a whole and comparable market levels. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage, other allowances and benefits.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has adopted the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules.

To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code since the Listing Date to 31 March 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2017.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "**Required Standard of Dealing**").

Following specific enquiries to all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings during the year ended 31 March 2017.

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 Code and Rules 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are (i) to make recommendations to the Board on the appointment and removal of external auditors; (ii) to review and revise 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 three of our 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 Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2017.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial information has been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA LIMITED, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA LIMITED on the preliminary announcement.

By Order of the Board of
Altus Holdings Limited
Arnold Ip Tin Chee
Chairman

Hong Kong, 26 June 2017

As at the date of this announcement, the executive Directors are Mr. Arnold Ip Tin Chee and Mr. Chang Sean Pey and Ms. Leung Churk Yin Jeanny; and the independent non-executive Directors are Mr. Chao Tien Yo, Mr. Chan Sun Kwong and Mr. Lee Shu Yin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 document misleading.

This announcement will remain on the website of the GEM of the Stock Exchange at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.altus.com.hk.