ALTUS

Altus Holdings Limited

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

2017 Annual Report

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 report, for which the directors (the "**Directors**") of Altus Holdings Limited (the "**Company**"), collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Arnold Ip Tin Chee *(Chairman)*
Mr. Chang Sean Pey
Ms. Leung Churk Yin Jeanny

Independent non-executive Directors

Mr. Chao Tien Yo
Mr. Chan Sun Kwong
Mr. Lee Shu Yin

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPLIANCE OFFICER

Ms. Leung Churk Yin Jeanny

JOINT COMPANY SECRETARIES

Ms. Chan Ka Lam
Ms. Law Yin Nee

AUTHORISED REPRESENTATIVES

Mr. Arnold Ip Tin Chee
Mr. Chang Sean Pey

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21 Wing Wo Street
Central, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

SHINEWING (HK) CPA LIMITED
43rd Floor, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

COMPLIANCE ADVISER

New Spring Capital Limited
Unit 2108, 21st Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

Corporate Information

PRINCIPAL BANKERS

Chong Hing Bank Limited
Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

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

The Tokyo Star Bank, Limited
Akasaka Star Gate Plaza
3-5, Akasaka 2-chome
Minato-ku
Tokyo
Japan

COMPANY WEBSITE

www.altus.com.hk

STOCK CODE

8149

Chairman's Statement

Dear Stakeholders,

It is a privilege to deliver this statement, my first following our successful listing on GEM of the Stock Exchange.

Our two businesses, corporate finance and property investment, whilst seemingly unrelated at first glance, have been a profitable and mutually beneficial union. Cushioned by the recurring cash flow from the property portfolio, we are able to invest in and cultivate our advisory team through peaks and troughs of the corporate finance market. Such holding power and stability has underpinned our consistent delivery of quality service to our clients.

Cliché as it is, our listing is an important milestone – a stamp of approval. We have emerged with better transparency and a stronger balance sheet; affording us more flexibility to pursue investments in tandem with improved banking relationships, not to mention greater appeal as a career launch pad for young talents – so much so that since our listing, we have added five well located new buildings to our Japan portfolio and consolidated our interest to over 90% in another (tallying to approximately HK$120 million), and welcomed new members to the Altus comradeship.

Last year's success would not have been possible without our team's commitment and impressive stamina throughout our listing exercise. Their hard work has not merely sustained, but in fact yielded growth on both fronts of our business. My heartfelt thanks to each and every one of our colleagues, our partners in Japan; as well as our clients and bankers for their continuous contribution and support to Altus.

On behalf of the management of the Company, I would like to thank our new shareholders for the trust you have placed in us. We now embark on an expedited path to becoming the team of choice to the ever expanding pool of Hong Kong listed companies and the definitive training ground for aspiring corporate financiers within the increasingly complex regulatory environment. At the same time, we will continue to make good use of our balance sheet and dare I say, unique insight into, and network access, in the Japan real estate market, to enhance long term returns. The road ahead is indeed very exciting.

Yours truly,

Arnold Ip Tin Chee
Chairman and Executive Director

Hong Kong, 26 June 2017

Financial Highlights

A summary of the results and of the assets and liabilities of the Company and its subsidiaries (together, the "**Group**") for the last three financial years, as extracted from the prospectus of the Company dated 30 September 2016 ("**Prospectus**") and the audited consolidated financial statements in this annual report (the "**Annual Report**") are as follows:

	For the year ended 31 March		
	2017	2016	2015
	HK$'000	HK$'000	HK$'000
Revenue	**51,761**	48,160	34,414
Profit before tax	**20,730**	22,088	19,660
Profit after tax	**13,048**	17,693	15,954

	As at 31 March		
	2017	2016	2015
	HK$'000	HK$'000	HK$'000
Total assets	**571,267**	497,025	442,565
Total liabilities	**172,548**	186,458	140,628
Net assets	**398,719**	310,567	301,937

Notes:

1. The Company was incorporated on 11 November 2015 and became the holding company of the subsidiaries through a reorganisation in preparation of the listing of the Company's share on GEM on 26 September 2016. The combined results of the Group for the three years ended 31 March 2017 had been prepared as if the Group had been in existence throughout the years prepared, or since the respective dates of incorporation or establishment of the group companies.

2. The balance sheets of the Group as at 31 March 2016 and 2015 were prepared on a combined basis.

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 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 the financial year ended 31 March 2017 ("**FY2017**"), a slight increase of 1.5% over the previous financial year ("**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).

Operation Review and Financial Review

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 is 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 Japan Special Situation Investment Limited ("**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 people who started to move in during March 2017.

Operation Review and Financial Review

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.

Operation Review and Financial Review

Environmental policies and performance

The Group is committed to building an environmental-friendly corporation by paying close attention to reducing consumption of energy and natural resources. The Group strives to minimise its environmental impact by saving electricity through maximising the use of natural lighting, increasing the energy efficiency of equipment such as air conditioner, minimising paper consumption through disseminating information via electronic ways and reusing single-sided printed paper etc. Employees have been following the above practices whenever possible during day-to-day operation.

The Environmental, Social and Governance Report is set out on pages 45 to 50 of this Annual Report.

During the year ended 31 March 2017, the Group has not been the subject of any environmental claims, lawsuits, penalties or disciplinary actions.

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 the previous financial year 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 Kinley-Hecico Holdings Limited ("**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.

Operation Review and Financial Review

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 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.

Operation Review and Financial Review

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.

Operation Review and Financial Review

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.

Principal risk and uncertainty

The key risks and uncertainties to which the Group is subject are summarised as follows:

I. Risks associated with the corporate finance activities, including amongst others,

   (i) The Group's business may be subject to fluctuations in financial performance due to (i) corporate finance transactions being project-based in nature; and (ii) progress-based payment arrangement;

   (ii) The Group's business depends on the continuing efforts of the executive and senior management;

   (iii) The Group is exposed to risks associated with retention and recruitment of licensed personnel; and

   (iv) The Group is subject to extensive regulatory requirements, non-compliance with which, or changes in these regulatory requirements, may affect the business operations and financial results.

II. Risks associated with the investment activities, including amongst others,

   (i) Income earned from, and the value of, the properties may be adversely affected by a number of factors, including general downturn of the economy and the timeliness of tenant's payment of rent etc.;

   (ii) Unforeseen ad-hoc maintenance and repairs in respect of physical damage to the properties may disrupt the operations of the properties and collection of rental income or otherwise result in an adverse impact on the financial condition of the Group;

   (iii) Investment performance is susceptible to fluctuations in the value of foreign currencies, in particular, the JPY;

   (iv) The properties in Japan may be affected by the introduction of new laws and changes in the laws and regulations in Japan; and

   (v) Risks associated with the Japanese tokumei kumiai arrangement (the "TK Arrangement").

Further details of the risks and uncertainties faced by the Group are set out in the section headed "Risk Factors" in the Prospectus.

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.

Corporate Governance Report

INTRODUCTION

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

CORPORATE GOVERNANCE PRACTICES

The shares of the Company were listed on GEM on 17 October 2016 (the "**Listing Date**"). The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules since the Listing Date. During the year ended 31 March 2017 and in preparation for the Listing, the Company had, where applicable, complied with the CG Code.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "**Code of Conduct**"). The Company had made specific enquiry with the Directors and all Directors confirmed that they had fully complied with the required standard of dealings set out in the Code of Conduct and there was no event of non-compliance from the Listing Date up to the date of this Annual Report (the "**Relevant Period**").

BOARD OF DIRECTORS

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

Executive Directors

Mr. Arnold Ip Tin Chee *(Chairman)*	(appointed on 14 December 2015)
Mr. Chang Sean Pey	(appointed on 3 March 2016)
Ms. Leung Churk Yin Jeanny	(appointed on 3 March 2016)

Independent non-executive Directors

Mr. Chao Tien Yo	(appointed on 26 September 2016)
Mr. Chan Sun Kwong	(appointed on 26 September 2016)
Mr. Lee Shu Yin	(appointed on 26 September 2016)

Biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this Annual Report.

RESPONSIBILITIES OF THE BOARD

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BOARD COMMITTEES

The Board has established three committees, namely the audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**") on 26 September 2016, to oversee particular aspects of the Group's affairs. Each of the three committees has sufficient resources and its specific terms of reference that are approved by the Board, relating to its responsibilities, duties, powers and functions, which are posted to Stock Exchange's website at *www.hkexnews.hk* and the Company's website at *www.altus.com.hk*.

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

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the corporate governance functions under code provision D.3.1 of the CG Code. Its responsibilities include:

(i) developing and reviewing the Group's policies and practices on corporate governance;

(ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(iii) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements;

(iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and

(v) reviewing the Group's compliance with the CG Code and relevant disclosure.

The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with its effectiveness.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to a resolution of the Board passed on 26 September 2016 with written terms of reference in compliance with the CG Code and 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 following is a summary of work performed by the Audit Committee during the Relevant Period:

(a) reviewed the unaudited financial statements for six months ended 30 September 2016 and nine months ended 31 December 2016;

(b) reviewed the audited financial statements for the year ended 31 March 2017;

(c) monitored the Group's financial controls, internal control and risk management systems;

(d) reviewed the remuneration and the appointment and the terms of engagement of the external auditor; and

(e) reviewed the audit scope proposed by the external auditor and its independence.

The attendance record of the members of the Audit Committee meeting during the year under review is set out below:

Name of members	Attendance/No. of Meetings
Mr. Chan Sun Kwong *(Chairman)*	4/4
Mr. Chao Tien Yo	3/4
Mr. Lee Shu Yin	4/4

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee pursuant to a resolution of the Board passed on 26 September 2016 with written terms of reference in compliance with the CG Code and Rule 5.34 and 5.35 of the GEM Listing Rules. The primary duties of the Remuneration Committee are (i) to review and make recommendations to the Board on the overall remuneration policy and structure relating to all Directors, senior management and the general staff of the Company; (ii) to review other remuneration-related matters, including benefits in-kind and other compensation payable to the Directors; and (iii) to review the performance-based remunerations and to establish a formal and transparent procedure for developing policy in relation to remuneration.

Corporate Governance Report

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

One Remuneration Committee meeting was held during the Relevant Period to consider the bonus system for the directors and senior management. The attendance record of the members of the Remuneration Committee meeting is set out below:

Name of members	**Attendance/No. of meeting**
Mr. Lee Shu Yin *(Chairman)*	1/1
Mr. Chao Tien Yo	1/1
Mr. Chan Sun Kwong	1/1

NOMINATION COMMITTEE

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

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

One Nomination Committee meeting was held during the Relevant Period to consider the retirement of directors, to review the independence of the independent non-executive directors and the current structure, size and diversity of the Board. The attendance record of the members of the Nomination Committee meeting is set out below:

Name of members	**Attendance/No. of Meeting**
Mr. Chao Tien Yo *(Chairman)*	1/1
Mr. Chan Sun Kwong	1/1
Mr. Lee Shu Yin	1/1

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

According to Article 84 of the Company's articles of association (the "**Articles**"), one-third of the Directors for the time being (or, if the number of Directors is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. In the upcoming annual general meeting, two executive Directors, being Mr. Arnold Ip Tin Chee and Mr. Chang Sean Pey, would retire and be subject to re-election.

BOARD MEETINGS

Code provision A.1.1 of the CG Code states that Board meeting should be held at least four times each year at approximately quarterly intervals with active participation, either in person or through electronic means of communication by the majority of the Directors entitled to be present. The Board delegates necessary powers and authorities to the executive Directors to facilitate the efficient day-to-day management of the Group's businesses. Directors who are considered having conflict of interests or material interests in proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolutions subject to certain exceptions set out in the Articles. The company secretary is responsible for facilitating the Board process as well as communications among Board members. Any Director, Audit Committee member, Remuneration Committee member and Nomination Committee member of the Company may take independent professional advice at the expense of the Company should they so wish.

The attendance record of each Director at Board meetings during the year under review is set out below:

Name of Directors	**Attendance/No. of Meetings**
Mr. Arnold Ip Tin Chee *(Chairman)*	10/10
Mr. Chang Sean Pey	9/10
Ms. Leung Churk Yin Jeanny	10/10
Mr. Chao Tien Yo	7/10
Mr. Chan Sun Kwong	9/10
Mr. Lee Shu Yin	6/10

As stated in code provision A.1.3, notice of regular Board meetings will be given to all Directors at least 14 days prior to the scheduled Board meeting. For all other Board meetings, reasonable notice would be given.

TRAINING FOR DIRECTORS AND COMPANY SECRETARY AND CONTINUING PROFESSIONAL DEVELOPMENT

According to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. For the year ended 31 March 2017 and prior to the Listing, all Directors participated in training courses regarding directors' responsibilities and obligations under the GEM Listing Rules conducted by the Company's legal adviser, which covered among other topics, the CG Code, as well as the GEM listed company's and directors' continuing obligations. In addition, during the Relevant Period, each of the Directors has from time to time reviewed updates on laws, rules and regulations which might be relevant to their roles, duties and functions as a director of a listed company.

Ms. Chan Ka Lam and Ms. Law Yin Nee, the joint company secretaries of the Company, has complied with the relevant training under Rule 5.15 of the GEM Listing Rules during the Relevant Period.

AUDITOR'S REMUNERATION

The auditor's remuneration paid/payable to the auditor of the Company for the year ended 31 March 2017 is set out as follows:

Services rendered	**HK$**
Audit service	900,000
Non-audit services (mainly as the reporting accountant of the Company in relation to the Listing)	757,400
Total	1,657,400

JOINT COMPANY SECRETARIES

Please refer to the section headed "Biographical Details of Directors and Senior Management" of this Annual Report for biographical details of the joint company secretaries of the Company.

COMPLIANCE OFFICER

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

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements for the year ended 31 March 2017 which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements for the year ended 31 March 2017, the Board has selected suitable accounting policies and applied them consistently, and made judgments and estimates that are fair and reasonable.

As at 31 March 2017, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon our Group's ability to continue as a going concern. Therefore, the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the Directors' remuneration, five highest paid individual and senior management's emoluments are set out in note 15 to the consolidated financial statements.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

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

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

There are no provisions in the Articles for members to put forward new resolutions at general meetings. However, members of the Company who wish to propose resolutions are requested to follow Article 17 of the Articles to make a requisition for an extraordinary general meeting. According to Article 58 of the Articles, any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

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

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

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

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

A copy of the amended and restated Memorandum and Articles of Association of the Company is posted on the Stock Exchange's website at *www.hkexnews.hk* and the Company's website at *www.altus.com.hk*.

The Articles was adopted on 26 September 2016 and took effect on the Listing Date. The Articles is available on the Company's website and the Stock Exchange's website. During the year under review, there has been no change in the Company's memorandum and articles of association.

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

For the year ended 31 March 2017, the Board conducted a review of the effectiveness of the risk management and internal control system, which covered the areas of financial, operational, compliance and risk management. The Board considered the system of the Group to be adequate and effective during the year ended 31 March 2017. For the year ended 31 March 2017, the Company did not have an internal audit function. As at the date of this Annual Report, the Group has engaged an independent internal control consultant to review the effectiveness of the Group's internal control system. The internal control consultant has directly reported to the Audit Committee. Going forward, the Directors will continue to regularly assess and review the effectiveness of the Group's risk management and internal control system.

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

PROCEDURES FOR RAISING ENQUIRIES

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

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

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Arnold Ip Tin Chee (葉天賜) ("Mr. Ip"), aged 54, founded our Group in September 2000. He was appointed as a Director on 14 December 2015 and was redesignated as an executive Director and appointed as chairman of our Board on 8 April 2016. Mr. Ip is charged with (i) formulating our Group's corporate strategy and overall business development; (ii) overseeing the operational (including corporate finance activities) and financial matters of our Group; (iii) handling compliance matters; and (iv) client referrals and relationship management. Mr. Ip also acts as chairman of our investment committee and is able to draw from his experiences in the disciplines of corporate finance and fund management (as further elaborated below) to ensure that our investment activities are in line with our investment strategy and business development plan. Mr. Ip is also a member of our Group's Remuneration Committee and Nomination Committee.

Mr. Ip obtained a Bachelor of Arts degree and a Master of Arts degree from the University of Cambridge in the United Kingdom in June 1984 and November 1988 respectively. Subsequently, he joined Standard Chartered Asia Limited and had acted as a director. Mr. Ip later joined Yuanta Securities (Hong Kong) Company Limited and had been a director until January 2001. In September 2000, Mr. Ip founded our Group. Throughout the 2000s, he founded the management team of several funds which subsequently formed Saizen REIT, a REIT listed on the Singapore Exchange Securities Trading Limited since 9 November 2007. He is currently acts as the chairman and non-executive director of JRAM SG.

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

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

Company	Principal business during tenure	Position	Period
Pioneer Global Group Limited (stock code: 0224)	Investment holdings	Independent non-executive director	23 June 1999 to present
Pak Fah Yeow International Ltd. (stock code: 0239)	Manufacture, marketing and distribution of medicated embrocation under "Hoe Hin" brand and property and treasury investment	Independent non-executive director	8 September 2004 to present
Sam Woo Construction Group Limited (stock code: 3822)	Provision of foundation works and ancillary services	Independent non-executive director	15 September 2014 to present

Biographical Details of Directors and Senior Management

Mr. Chang Sean Pey (曾憲沛) ("Mr. Chang"), aged 45, joined our Group in February 2001. He was appointed as a Director on 3 March 2016 and was redesignated as an executive Director on 8 April 2016. Mr. Chang works with the chairman of our Group to oversee our Group's overall operations, strategic direction and business development and is responsible for (i) managing daily operations and supervising staff; (ii) providing corporate finance services; (iii) handling compliance matters; and (iv) client referrals and relationship management. Mr. Chang, with experience in corporate finance as well as real estate investment and divestment (as set out in further details below), is a member of our investment committee.

After graduating from the National University of Singapore in Singapore with a Degree of Bachelor of Engineering (Mechanical) in July 1996, Mr. Chang began his career as a management trainee, and thereafter worked in the corporate finance services division of the investment banking department at the Development Bank of Singapore Limited, specialising in fund raising activities in the equity capital markets from July 1996 to April 2000 where his last position was manager. In April 2000, he joined our Group in Hong Kong. In respect of investment management of Japan residential real estate, Mr. Chang was part of the management team of several funds which subsequently formed Saizen REIT, a REIT listed on the Singapore Exchange Securities Trading Limited since 9 November 2007. Mr. Chang was previously an executive director/co-chief executive officer of JRAM SG.

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

Ms. Leung Churk Yin Jeanny (梁綽然) ("Ms Leung"), aged 52, was appointed as a Director on 3 March 2016 and was redesignated as an executive Director on 8 April 2016. Ms. Leung works with the chairman of our Board to oversee our Group's overall operations, strategic direction and business development and in her capacity as compliance officer, oversees all compliance matters. She provides corporate finance services to our clients and is responsible for management of the transaction teams as well as client referral and relationship management. Ms. Leung is also a member of our investment committee. She is able to draw on her vast experience in corporate finance, as well as executive management in listed entities as further elaborated below, in carrying out this role.

After graduating with a degree of Bachelor of Science from the University of Toronto in Canada in November 1986, Ms. Leung began her career at the Listing Division of the Stock Exchange from May 1987 and has since been involved in the corporate finance field, garnering and honing her expertise through her time at Standard Chartered Asia Limited from October 1990 to July 1994 with her last position as an assistant director of the corporate finance department, JP Morgan Securities (Asia) Limited from August 1994 as a vice president of the corporate finance department and Yuanta Securities (Hong Kong) Company Limited from November 1995 as an executive director. From February 1998 to January 1999 she served as an executive director for Top Form International Limited (stock code: 333). She then rejoined Yuanta Securities (Hong Kong) Company Limited from March 1999 to July 2000 as the managing director. In August 2000, she co-founded Access Capital Limited, a then licensed corporation to carry out certain regulated activities under the SFO where she served in the capacity as managing director. From September 2007 to December 2010, she served as executive director of several companies of the Lai Sun Group, consisting of Lai Sun Garment (International) Limited (stock code: 191), Lai Sun Development Company Limited (stock code: 488), Lai Fung Holdings Limited (stock code: 1125) and eSun Holdings Limited (stock code: 571). From January 2011 to August 2011, she was redesignated as a non-executive director of Lai Sun Garment (International) Limited and eSun Holdings Limited. From March 2008 to August 2010 and May 2011 until July 2015, with her extensive corporate finance experience, Ms. Leung had acted as licensed representative for Altus Capital and Altus Investments Limited ("**Altus Investments**") respectively prior to serving as responsible officer from July 2015 onwards and joining us as an employee on 1 January 2016.

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chao Tien Yo (趙天岳) ("Mr. Chao"), aged 62, joined the Company as an independent non-executive Director on 26 September 2016. Mr. Chao qualified as a solicitor in England and Wales in October 1983 and in Hong Kong in March 1984. After a legal career of over thirty years with international and Hong Kong law firms, he retired from professional private legal practice in 2015. He serves now as Chief Legal Officer with CPG Overseas Company Limited. Mr. Chao worked previously in the corporate group of Linklaters, as a consultant partner from May 2014 to June 2015 and as partner from August 2011 to April 2014. His earlier work experience includes acting as partner in the corporate department of Morrison & Foerster from January 2003 to July 2011. Prior to this, Mr. Chao co-founded the Hong Kong law firm Chao and Chung in 1994 and was a partner of the firm until it ceased practice at the end of 2002, where he mainly handled corporate work.

Mr. Chao holds the degrees of Bachelor of Arts, Bachelor of Linguistics and Master of Arts from the University of Hong Kong (1975), the University of Manchester (1977) in the United Kingdom, and the University of Keele (1976) in the United Kingdom, respectively.

Mr. Chan Sun Kwong (陳晨光) ("Mr. Chan"), aged 50, joined the Company as an independent non-executive Director on 26 September 2016. Mr. Chan has over 20 years of experience in accounting, auditing, banking and company secretarial fields. For the period from January 1992 to March 1998, Mr. Chan had served in UDL Management Limited from January 1992 to March 1998 and his last position was a financial controller. He had also served as company secretary of UDL Holdings Limited (now known as DTXS Silk Road Investment Holdings Company Limited) (stock code: 620) from January 1992 to September 1997 and as company secretary of KEL Holdings Limited (now known as Chinese People Holdings Company Limited) (stock code: 681) from March 1997 to September 1997. He has been the sole proprietor of Ken Chan & Co. Certified Public Accountants, since July 1998. He had also served as company secretary of Ming Hing Holdings Limited (now known as Peace Map Holding Limited) (stock code: 402) from November 2005 to October 2006, an independent non-executive director of Anex International Holdings Limited (now known as Sustainable Forest Holdings Limited) (stock code: 723) from February 2006 to January 2008 and company secretary of Powerwell Pacific Holdings Limited (stock code: 8265) from December 2010 to September 2014. He had been the company secretary and an executive director of Sam Woo Holdings Limited (now known as Noble Century Investment Holdings Limited) (stock code: 2322) from March 2003 to June 2011. Mr. Chan had served as an independent non-executive director of Creative Energy Solutions Holdings Limited (now known as Kirin Group Holdings Limited) (stock code: 8109) from July 2010 to November 2010, Megalogic Technology Holdings Limited (stock code: 8242) from December 2011 to April 2015 and Pak Tak International Limited (stock code: 2668) from December 2014 to August 2016.

Biographical Details of Directors and Senior Management

Mr. Chan obtained a diploma of business administration from the Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in July 1990. He became a fellow member of the Hong Kong Institute of Chartered Secretaries in February 2008, the Institute of Chartered Secretaries and Administrators in the United Kingdom in December 2006, the Chartered Association of Certified Accountants in the United Kingdom in October 1996 and the Hong Kong Institute of Certified Public Accountants in March 2000. Mr. Chan is accredited as a mediator of The Hong Kong Mediation Centre in November 2010.

Mr. Chan currently holds the following positions in other companies listed on the Stock Exchange as follows:

Company	Principal business during tenure	Position	Period
Sam Woo Construction Group Limited (stock code: 3822)	Provision of foundation works and ancillary services in Hong Kong and Macau	Company secretary	28 January 2013 to present
KPa-BM Holdings Limited (stock code: 8141)	(i) Provision of structural engineering works with a focus on design and build projects in Hong Kong; and (ii) trading of building material products predominately in Hong Kong	Company secretary	26 June 2015 to present

Mr. Lee Shu Yin (李樹賢) ("Mr. Lee"), aged 50, joined the Company as an independent non-executive Director on 26 September 2016. Mr. Lee has over twenty years of experience in corporate finance, investment and management. He is currently the chief investment officer of Grand River Properties (China) Ltd., a company that he co-founded in 2003, which is engaged in real estate investments consulting. His previous experience includes serving as a vice president and director in the Asian Equities division of JP Morgan Securities Limited/Robert Fleming Securities while based in London, New York and Boston and as an executive director of Goldman Sachs International in Hong Kong. He obtained a Degree of Master of Science in Finance in September 1999 from the London Business School of the University of London in the United Kingdom, and Bachelor of Arts Degree and Bachelor of Science Degree from Stanford University (officially the Leland Stanford Junior University) in the United States in June 1989. Mr. Lee was accredited as a chartered financial analyst by the Institute of Chartered Financial Analysts.

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

Company	Principal business during tenure	Position	Period
Tian An China Investments Company Limited (stock code: 0028)	Development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC	Non-executive director Executive director	18 March 2011 to 14 June 2017 15 June 2017 to present

DISCLOSURE OF RELATIONSHIPS

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

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

SENIOR MANAGEMENT

Ms. Ho Shuk Yee Samantha (何淑懿) ("Ms. Ho"), aged 52, joined our Group in May 2014. In her capacity as chief investment officer and a member of the investment committee, Ms. Ho is responsible for advising the executive Directors on our Group's investment strategy and assessing and making decision on the purchase and/or disposal of our investment in accordance with our investment strategy. Ms. Ho has over 25 years' of experience in the finance industry, specialising in fund management. Prior to joining our Group, she had served as a director of the board of Hong Kong Securities and Investment Institute from December 2008 to December 2014. She had acted as investment director at Invesco Hong Kong Limited from November 2004 to August 2012. From April 2003 to June 2004, she was a licensed representative for Manulife Asset Management (Hong Kong) Limited. Her other experience prior to this includes working at SEB Investment Management from January 1994 to March 2000 and Jardine Fleming Securities Limited from October 1989 to December 1993.

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

Ms. Khoo Wing Pui Charlotte (邱詠培) ("Ms. Khoo"), aged 28, joined our Group in September 2011 and currently serves as an assistant director. In addition to providing corporate finance services to our clients and overseeing the day-to-day execution work of transaction teams, she supports (i) the investment committee on the implementation of our Group's investment strategy, particularly in the review of investment opportunities, the ongoing monitoring and review of our investment portfolio; and (ii) the executive management with regards to internal control matters. In August 2010, she obtained a degree of Bachelor of Science (Hons) in Economics from University College London in the United Kingdom. She has previously worked at KPMG Tax Limited where her last position was as a tax consultant. Ms. Khoo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. She is also licensed to carry out Type 6 (advising on corporate finance) regulated activities as a responsible officer and Type 1 (dealing in securities) regulated activities as a licensed representative under the SFO.

Biographical Details of Directors and Senior Management

Mr. Tam Ho Kei Leo (譚浩基) ("Mr. Tam"), aged 32, joined our Group in October 2014 and currently serves as an assistant director. Mr. Tam provides corporate finance services to our clients and oversees the day-to-day execution work of transaction teams. In addition, he assists (i) the investment committee on the implementation of our Group's investment strategy, the ongoing monitoring and review of our investment portfolio; and (ii) the executive management with regards to internal control matters. In May 2007, he obtained a degree of Bachelor of Commerce in Accounting and International Business from The University British Columbia in Canada. From September 2007 to April 2014, he worked at Ernst & Young where his last position was an audit manager. Mr. Tam has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since January 2013. He is licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as a licensed representative under the SFO.

Ms. Chan Ka Lam (陳嘉琳) ("Ms. Chan"), aged 39, joined our Group in July 2004 as an accountant and currently serves as a finance manager. Ms. Chan is responsible for the review of our Group's finance and accounting functions. Prior to joining our Group, Ms. Chan had served as an audit assistant with Poon & Company, CPA from April 2003 to June 2004 and an accountant with Fung Kiu Manufacturing Limited from July 1999 to April 2003. Ms. Chan obtained a degree of Bachelor of Arts (Hons) in Sociology from Hong Kong Baptist University and through long distance learning, a Bachelor of Science in Applied Accounting from Oxford Brookes University in the United Kingdom. She is also a member of the Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Accountants in England and Wales and The Institute of Chartered Secretaries and Administrators.

Ms. Law Yin Nee (羅燕妮) ("Ms. Law"), aged 39, joined our Group in August 2003 as an assistant accountant. In her capacity as finance manager, Ms. Law is responsible for the review of our Group's finance and accounting functions. Prior to joining our Group, Ms. Law had worked in the accounting and audit department of Chan Li Law & Co from June 2000 to July 2003. Ms. Law is a member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. She is also an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Securities and Administrators. Ms. Law graduated with a degree of Bachelor of Business Administration (Hons) in Accounting from Hong Kong Baptist University in December 2000.

COMPANY SECRETARIES

Ms. Chan (陳嘉琳) and **Ms. Law (羅燕妮)** are our joint company secretaries. For details of their background, please refer to the paragraph headed "Senior Management" in this section.

COMPLIANCE OFFICER

Ms. Leung (梁綽然) was appointed as the compliance officer (pursuant to Rule 5.19 of the GEM Listing Rules) of our Company on 8 April 2016. Please refer to the paragraph headed "Executive Directors" above in this section for details about Ms. Leung's qualifications and experience.

AUTHORISED REPRESENTATIVES

Mr. Ip and Mr. Chang are the authorised representatives of our Company for the purpose of the GEM Listing Rules.

Directors' Report

The Directors are pleased to present their report and the audited consolidated financial statements of the Company and the Group for the year ended 31 March 2017.

CORPORATE REORGANISATION AND LISTING

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 November 2015 under the Companies Law of the Cayman Islands. Pursuant to the corporate reorganisation of the Group to rationalise the group structure in preparation for the Listing, the Company became the holding company of the Group on 26 September 2016. Further details of the corporate reorganisation of the Group are set out in the section headed "History, Reorganisation and corporate structure" in the Prospectus.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of corporate finance services and property investments. Details of the principal activities of its subsidiaries are set out in note 40 to the consolidated financial statements. There were no significant changes in the nature of our Group's principal activities during the year ended 31 March 2017.

PRINCIPAL PLACE OF BUSINESS

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

BUSINESS REVIEW

Discussion and analysis of the business of the Group, outlook of the business and the analysis of the Group's performance for the year ended 31 March 2017 and important events affecting the Group can be found out in the sections headed "Chairman's Statement" and "Operation Review and Financial Review" of this Annual Report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2017 are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" of this Annual Report.

The Board has recommended a final dividend of Hong Kong 0.2 cents 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.

Directors' Report

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.

USE OF NET PROCEEDS FROM THE IPO PLACING

The Listing occurred on 17 October 2016 with the Company successfully placing 200,000,000 new Shares at the placing price of HK$0.425 per share, raising gross proceeds of HK$85.0 million. Net proceeds (after deducting relevant expenses relating to the Listing) 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), 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 March 2017, the net proceeds had been utilised as follows:

	Designated usage from net proceeds HK$ million	**Amount utilised as at 31 March 2017** HK$ million	**Balance** 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	4.0	0
General working capital	6.0	6.0	0
Total	67.0	57.0	10.0

As at 31 March 2017, unutilised proceeds of approximately HK$10.0 million were deposited in a licensed bank in Hong Kong.

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.

SUMMARY OF FINANCIAL INFORMATION

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year ended 31 March 2017 are set out in note 18 to the consolidated financial statements of this Annual Report.

PROPERTIES

Particulars of properties held by the Group as at 31 March 2017 are set out on page 135.

INVESTMENT PROPERTIES

The investment properties were revalued at 31 March 2017 and the resulting fair value change of HK$27,383,000 has been credited to the consolidated income statement.

Details of the movements during the year in the investment properties of the Group are set out in note 19 to the financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital for the year ended 31 March 2017 are set out in note 31 to the consolidated financial statements of this Annual Report.

Directors' Report

RESERVES

Details of the movements in the reserves of the Company and the Group are set out in note 39 to the consolidated financial statements of this Annual Report.

DISTRIBUTABLE RESERVES

As at 31 March 2017, there was no reserve available for distribution to the members of the Company.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year under review.

DIRECTORS

The Directors of the Company during the Relevant Period were:

Executive Directors	
Mr. Arnold Ip Tin Chee *(Chairman)*	(appointed on 14 December 2015)
Mr. Chang Sean Pey	(appointed on 3 March 2016)
Ms. Leung Churk Yin Jeanny	(appointed on 3 March 2016)
Independent non-executive Directors	
Mr. Chao Tien Yo	(appointed on 26 September 2016)
Mr. Chan Sun Kwong	(appointed on 26 September 2016)
Mr. Lee Shu Yin	(appointed on 26 September 2016)

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

DIRECTORS' AND SENIOR MANAGEMENT MEMBER BIOGRAPHIES

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

DIRECTORS' SERVICE CONTRACTS

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

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

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

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

PERMITTED INDEMNITY PROVISION

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

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

CONTRACTS OF SIGNIFICANCE

Save as those disclosed in note 38 to the consolidated financial statement, there was no contract of significance in relation to the Group's business to which any member of the Group was a party and in which a Director had a material interest, whether directly or indirectly, during the year ended 31 March 2017.

Save as those disclosed in note 38 to the consolidated financial statement, there was no contract of significance between the Company, or any of its subsidiaries, and a controlling Shareholder or any of its subsidiaries during the year ended 31 March 2017.

Save as those disclosed in note 38 to the consolidated financial statement, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries during the year ended 31 March 2017.

CONTRACTUAL ARRANGEMENT

Saved for the property "Rakuyukan 36", the Group has adopted tokumei kumiai structure (the "TK structure") for its investments in Japan's properties.

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

Further details of the TK arrangement are set out in the section headed "Our TK Arrangements" in the Prospectus.

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.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS AND REMUNERATION POLICY

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

MANAGEMENT CONTRACTS

During the year ended 31 March 2017 and up to the date of this Annual Report, other than the service contracts of the Directors, the Company did not enter into or have any management and administrative contracts in respect of the whole or any substantial part of the principal businesses of the Company.

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

As at 31 March 2017, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered into the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Interest or short positions in the shares of the Company:

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

Notes:

1. KHHL is owned as to 20.0% by Ms. Chan Kit Lai, Cecilia ("**Ms. Chan**") and as to 80.0% by The General Trust Company S.A. ("the **Trustee**") on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Lam Ip Tin Wai Chyvette ("**Ms. Ip**") are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL.

2. Pursuant to the Option Deeds (as defined in the Prospectus) 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 the Company (without taking into account 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.

DIRECTORS' REPORT

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 Motoki Investment Limited ("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, is deemed to be interested in the shares of I Corporation held by Ms. Ho.

Save as disclosed above, as at 31 March 2017, 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 year ended 31 March 2017 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 March 2017, 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 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 Property Investment Limited	Beneficial owner	922 (L)	10.0
	Residence	Beneficial owner	300 (L)	10.0
Mr. Richard Lo	Residence	Interest in controlled corporations	300 (L)	10.0
	EXE Rise Shinadori Investor Limited	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 March 2017, had or deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

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

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

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

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

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

The subscription price for the shares under the share option scheme shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share.

During the year under review, no share options were granted by the Company and there was no share option outstanding under the share option scheme as at 31 March 2017.

CONNECTED TRANSACTIONS

The Company has complied with disclosure requirements, to the extent they are not waived by the Stock Exchange, in accordance with Chapter 20 of the GEM Listing Rules with respect to the connected transaction entered into by the Group during the year ended 31 March 2017.

A summary of the related party transactions entered into by the Group during the year ended 31 March 2017 is contained in note 38 to the consolidated financial statements in this annual report. The transactions summarised in such note do not fall under the definition of "connected transactions" or "continuing connected transactions" under Chapter 20 of the GEM Listing Rules.

COMPETING INTERESTS

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

DEED OF NON-COMPETITION

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

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

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

On 26 June 2017, the Group has entered a revised banking facilities letter dated 26 June 2017 (the "**Facility Letter**") with a licensed bank. Such licensed bank as lender agreed to make available a revised revolving loan facility in the amount of HK$47,600,000 to an indirectly wholly-owned subsidiary of the Group, Starich Resources Limited, for the revised purpose of investments (and including up to HK$8,000,000 for working capital purposes).

Under the revised Facility Letter, the Company has undertaken that (i) Mr. Ip shall remain as chairman of the Board and maintain control over the management and business of the Company; and (ii) his beneficial interest in the Company, as required to be disclosed pursuant to the disclosure requirements under the GEM Listing Rules and the Securities and Future Ordinance, should be maintained at not less than 60%.

MAJOR CUSTOMERS

The revenue of the Group's top five customers were corporate finance clients, in aggregate accounting for approximately HK$12.0 million for the year ended 31 March 2017 (2016: approximately HK$13.4 million), representing approximately 23.2% (2016: approximately 27.9%) of the Group's total revenue. The Group's largest customer accounted for approximately HK$3.7 million or 7.1% of total revenue for the year ended 31 March 2017.

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

MAJOR TENANTS AND SUPPLIERS

The Group leases units of its properties to individuals and corporations in Japan and Hong Kong. The Group's property investments account for an insignificant share of the overall Japanese real estate market. During the year ended 31 March 2017, the Group leased a unit in Hong Kong to an independent third party and the rental revenue received from this party accounted for approximately 3.5% of total revenue (2016: 3.5%).

The Group engages property and asset managers to assist with the maintenance of its properties in Japan. In this regard, the suppliers are all based in Japan. During the year ended 31 March 2017, services obtained from the Group's largest supplier and the five largest suppliers accounted for approximately 7.6% and 16.1% of property expenses respectively, as compared with that for the year ended 31 March 2016 accounted for approximately 7.7% and 17.3% of property expenses respectively. Save for KK Tenyu Asset Management, being our associate, such tenants and suppliers are independent third parties.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information available to the Company and to the best knowledge of the Directors as at the date of this Annual Report, the Company has maintained the public float as required under GEM Listing Rules since the Listing Date.

INTEREST OF THE COMPLIANCE ADVISER

As at the date of this Annual Report, New Spring Capital Limited ("**New Spring Capital**") is the compliance adviser of the Company. Save for (i) New Spring Capital's participation as the 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.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the year ended 31 March 2017 are set out in note 42 to the consolidated financial statements of this Annual Report.

PRE-EMPTIVE RIGHTS

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

DONATIONS

During the year ended 31 March 2017, donations of approximately HK$20,000 (2016: HK$22,000) were made by the Group.

Directors' Report

AUDITOR

The consolidated financial statements for the year ended 31 March 2017 has been audited by SHINEWING (HK) CPA LIMITED. SHINEWING (HK) CPA LIMITED will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

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

By order of the Board
Arnold IP Tin Chee
Chairman and executive Director

Hong Kong, 26 June 2017

Environmental, Social and Governance Report

1. ABOUT ESG REPORT

This is the first Environmental, Social and Governance Report (the "**ESG report**") of Altus Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**" and "**we**"). The ESG report elaborates on the various work of the Group in fully implementing the principle of sustainable development and its performance of social and governance from 1 April 2016 to 31 March 2017 (the "**Year**"). For information on our corporate governance, please refer to the "Corporate Governance Report" on pages 16.

1.1. Scope of ESG Report

Since the daily operation of our property investment business in Japan is undertaken by local third parties, this ESG report focuses only on the Group's provision of corporate finance services in Hong Kong. Relevant information on the Group's sustainability approach and performance in the environmental and social aspects of its business in Hong Kong during the Year is provided in the report.

1.2. Reporting Guidelines

The ESG report has been prepared in accordance with the "Environmental, Social and Governance Reporting Guide", as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM.

1.3. Stakeholder Engagement

Our employees were involved in helping us better understand our sustainability performance. The data collected not only highlights the Group's sustainable initiatives during the Year, but also sets out the basis of the Group's sustainability strategies. The Group will increase stakeholders' engagement via constructive dialogue, with a view to driving long-term prosperity.

1.4. Information and Feedbacks

For detailed information about environmental and corporate governance, please refer to the official website *www.altus.com.hk* and the Annual Report of the Group. Your opinions will be highly valued by the Group. If you have any advice or suggestions, please feel free to contact us by:

Tel: (852) 2522-6122

Fax: (852) 2522-6992

2. PROTECTING OUR ENVIRONMENT

2.1. Energy Conservation

As an environmentally friendly corporate, we shoulder the responsibility to protect the nature. As part of our initiative to reduce energy consumption, we encourage our employees to switch off lights and electronic equipment when not in use, and maximise the use of natural lighting. We divide the office area into different light zones using independent lighting switches, adopt energy efficient lighting system, air conditioning and multifunction devices, install motion sensor for lighting in areas not frequently used and adopt computer equipment virtualisation.

We have also taken measures to increase the energy efficiency of equipment, such as cleaning light fixtures and filters of air conditioning system regularly and using Variable Refrigerant Volume to optimise refrigerant flow in order to reduce the energy consumption of air conditioning. We have also collected electricity data on a monthly basis to monitor power consumption and make improvement accordingly.

2.2. Water Management

The Group strictly abides by the laws and regulations regarding emission, such as the Water Pollution Control Ordinance. As a service-based company, our business operation mainly takes place in offices. Our major wastewater is domestic sewage which is discharged to the municipal drainage system. We strive to reduce the water consumption by implementing various measures, such as turning off the faucet proper, fixing dripping taps immediately, and periodically checking water meter readings and hidden water pipes. To raise employees' awareness of water conservation, we put up water saving reminder labels in the toilet.

2.3. Waste Management

Since the Group's business does not involve manufacturing activities, solid waste is mainly generated in daily office operations. We have adopted the "3Rs", being reduce, reuse and recycle, principle as our waste management strategy. We implement the policy of double-sided printing and copying and disseminate information by electronic means whenever possible to reduce paper consumption. To further reduce our paper consumption, Office Automation (OA) system is applied to substitute the traditional paper-based office administration system. Our employees are encouraged to use reusable products instead of non-refillable stationeries and office supplies. There are also recycling bins to collect waste paper which will be transferred to qualified recycling companies. We also carry out paper volume statistics regularly to monitor paper consumption and make appropriate improvement. Apart from non-hazardous waste, our major hazardous waste, toner cartridges are also collected for recycling.

2.4. Green Operation

In consideration of the potential threats of climate change to the communities, the Group has made steady progress in reducing its carbon footprints across its businesses. In terms of transportation, our employees are encouraged to take public transportation or share transport while telephone conference is held where possible to avoid any unnecessary overseas business travel. Direct flights are chosen to reduce carbon emission caused by any inevitable business travel. Besides, our internal activities are organised at locations easily accessible by public transport to actively reduce indirect carbon emissions caused by the activities.

3. CARING FOR OUR EMPLOYEES

3.1. Recruitment

The Group acts in strict compliance with the relevant local labor laws and regulations, such as the Employment Ordinance. As an equal opportunities employer, the Group is committed to eliminating discrimination in employment. The vacancy advertised is open to all applicants who meet the basic entry requirement irrespective of their sex, marital status, age, sexual orientation and race. All candidates receive fair treatment and are assessed quantitatively during the interview process. Our recruitment process involves age verification and identification examination, such as ID card check to avoid child labor. Given the time sensitivity in our line of work, overtime work is inevitable from time to time. Under such circumstances, overtime work shall be consensual and compensated via discretionary bonuses in line with market practice. Prior to commencement of employment, employees are required to enter into labour contract with job descriptions, duties and responsibilities clearly set forth to prevent any form of forced labour.

3.2. Employees' Benefit

The Group abides by the Employment Ordinance and all other relevant labor laws and regulations regarding working hours and rest periods. Our merit-based remuneration package is subject to review at least annually with reference to comparable market level to ensure retention and attraction of high-calibre employees. Apart from basic salary, we also offer discretionary bonus based on individual performance of the employees and our financial performance.

We are committed to providing a workplace free from discrimination and harassment. Our employees are expected to treat everyone with respect and dignity. Statutory holidays are provided in accordance with the relevant regulations. Our employees are entitled to different types of leave, including annual leave, sick leave, study leave and maternity leave. Long service award is offered as an appreciation for the contribution and dedication of long-serving employees. In order to foster team spirit, we organised a range of recreational activities during the Year, including company trip, yoga class, bowling event and annual dinner. Upon receipt of a letter of resignation, an interview would be arranged to understand the reasons of leaving and areas which may be improved, if any. The payment of final wages will be made on the last working day of the departing employee.

3.3. Occupational Health and Safety

Work safety is the cornerstone of the sustainable development of the Group. We strictly abide by the laws and regulations regarding occupational health and safety, such as the Occupational Safety and Health Ordinance. We seek to create a pleasant and comfortable workplace for our employees by carrying out various measures, including provision of adjustable working chairs and seats, provision of sufficient storage space for a more spacious desk area, regular maintenance or replacement of office equipment, and keeping objects and tools easily reachable and conveniently located.

3.4. Employees' Development

Our employees are our most valuable asset and we value their career development. We are committed to offering our employees the opportunity of merit-based promotion and a stable working environment in their career pursuit. Our promotion is executed on a fair and open basis and any form of discrimination is not tolerated. When evaluating an employee for promotion, thorough consideration is given to the employee's personal quality, ability and performance at work. Competent employees will be considered for internal promotion in recognition of their efforts and contributions.

We believe that two-way communication is essential to employee engagement that brings job satisfaction, high productivity, and low turnover. We hold morning briefing everyday for quality communication between employees and management. In order to closely monitor the performance of our employees and maximise their job satisfaction, we conducted performance appraisal annually and informal interim meetings throughout the Year with executive management. The executive management makes a judgment on the performance of the employees after meeting face-to-face with relevant individuals and consulting his/her supervisors and peers. The annual appraisal is employed for evaluation and developmental purpose to attain our goal of forging competitiveness and motivation. Therefore, the Group sees the annual appraisal not only as a process to document the performance of our employees, but also a precious opportunity to identify their development needs for the refinement of our training strategy.

3.5. Employees' Training

The Group considers employees as the foundation of its achievements and provides career advancement opportunities to tap the full potential of our employees. To establish and maintain a professional team with strong technical expertise as well as essential business soft skills, much effort is made in offering comprehensive training on all fronts. To ensure that our service is up to standard, compulsory Continuous Professional Training for licensed representatives under the Securities and Futures Ordinance are organised regularly as internal training, such as regulatory updates and case studies series as well as talks by external industry experts. All corporate finance members receive on-the-job training either through direct supervision of a Responsible Officer or more experienced team member. To support employees' training, we offer tuition reimbursement. Apart from internal training, employees are encouraged to attend external talks and seminars to enrich their knowledge in discharging their duties. As an incentive for our employees to make progress through independent learning, examination leave and education allowance are provided to our employees.

4. RESPECTING OUR CLIENTS AND PARTNERS

4.1. Client Protection Principle

We protect clients by ensuring confidentiality. We strictly abide by the laws and regulations regarding privacy matters, such as the Personal Data (Privacy) Ordinance. Rigorous policy and procedures are implemented to protect confidentiality and privacy when collecting, processing and using clients' data. Access to confidential information or documents is restricted and granted on a need-to-know basis. Besides firewall installation, anti-virus protection is enabled on all servers and computers in the Group to ensure adequate network security. Virus signatures, malicious code definitions as well as their detection and repair engines are updated regularly and whenever necessary. Employees are forbidden to store media and files from unknown sources unless the media and files have been scanned and cleared of computer viruses and malicious codes. We also regularly assess the risk and evaluate the need for protective measures against cyber-attacks to protect clients' information.

4.2. Complaint Handling

The Group values clients' opinion. We are committed to improving the quality of client service and enhancing client satisfaction. We have established policy and procedures for the handling of complaint. Complaints related to regulated activities under the Securities and Futures Ordinance from clients are handled by a Director or Responsible Officer not directly concerned with the matter. We investigate and respond promptly to the complaints. If the complaint cannot be resolved promptly, the client will be advised on other steps available to the client under the regulatory system including the right to refer a dispute to the Financial Dispute Resolution Centre.

4.3. Protection of Intellectual Property

The Group respects and protects intellectual property. A software licensing policy is implemented to ensure the software used in the Group is in compliance with the relevant license agreement. We strictly abide by the laws and regulations regarding intellectual property, such as the Copyright Ordinance. Advertising activities are not applicable to our business operation.

4.4. Anti-corruption

With our uncompromising commitment to integrity and justice, we strictly abide by the Prevention of Bribery Ordinance, Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, the Securities and Futures Commission Guideline on Anti-Money Laundering and Counter-Terrorist Financing and the relevant laws and regulations regarding anti-corruption, bribery, extortion, fraudulent behavior and money-laundering. Anti-money laundering policy is implemented to detect and prevent money laundering and terrorist financing. Employees are required to fully understand the background of potential clients through documentation and communication in accordance with relevant internal guidelines before engaging with the clients. To protect our business from unintentional money laundering activities, any cash transaction with clients is not allowed and all payments from clients should be made via bank transfer, cheque or direct cash bank deposit. Employees are prohibited from receiving anything of significant value from any parties related to the Group.

The Group is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, we have whistle-blowing policy in place. Our employees, clients, suppliers and other stakeholders are encouraged to voice their concerns about any suspected misconduct or malpractice. The Group will investigate misconduct or malpractice reported and take corresponding remedial measures against the irregularities. Whistleblowers are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action. Employee who breaches anti-corruption policy will face disciplinary action, which could result in dismissal for gross misconduct. Apart from whistle-blowing policy, we also organise talks and internal training to ensure our employees' compliance with anti- money laundering laws and anti-corruption laws in our business

4.5. Supply Chain Management

Due to the nature of its principal business activities, the Group had no major suppliers during the Year. To integrate the environmental vision into the procurement of office supplies, priority is given to environmentally friendly products, such as refillable ballpoint pens and mechanical pencils, and environmental paper. With our strict adherence to green purchasing principle, the usage of material is constantly evaluated to avoid overstocking and squandering resources.

5. CONTRIBUTE TO THE COMMUNITY

The Group is committed to good corporate citizenship and community services by sponsoring a variety of charities and fund raising activities. During the Year, the Group has supported Hong Kong Philharmonic Orchestra for its education and outreach efforts. The Group believes that the ongoing effort in serving the community will benefit the society. We will continue our contribution to the harmonious society in various ways, and encourage employees to support those in need through donations and participations in charitable activities.

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF ALTUS HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Altus Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 55 to 134, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Valuation of investment properties

Refer to note 19 to the consolidated financial statements and the accounting policies on page 71.

The key audit matter	How the matter was addressed in our audit
The directors of the Company have estimated the fair value of the Group's investment properties amounted to approximately HK$429,001,000 as at 31 March 2017 with a net increase in fair value of investment properties of approximately HK$24,986,000 recorded in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2017. Independent external valuations were obtained in respect of the entire portfolio in order to support management's estimates. We consider valuation of investment properties as a key audit matter because of its significance to the consolidated financial statements and the valuations are dependent on certain key assumptions that require significant judgement including capitalisation rates and recent market transactions.	Our audit procedures in relation to the valuation of investments properties included assessing the valuation methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry in Hong Kong and Japan. We had also checked, on a sample basis, the accuracy and relevance of the input data used.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Directors of the Company and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

Independent Auditor's Report

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is *Wong Hon Kei, Anthony*.

SHINEWING (HK) CPA LIMITED
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
26 June 2017

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	9	**51,761**	48,160
Other income	11	**5,629**	13,082
Net increase (decrease) in fair value of investment properties	19	**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	12	**(3,520)**	(3,317)
Profit before tax		**20,730**	22,088
Income tax expense	13	**(7,682)**	(4,395)
Profit for the year	14	**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)	17		
– 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	18	**44,663**	45,531
Investment properties	19	**429,001**	351,721
Interests in associates	20	**6,248**	29,090
Available-for-sales investments	21	**3,081**	1,335
Deposit paid for acquisition of investment properties		**2,085**	–
		485,078	427,677
Current assets			
Trade and other receivables	22	**4,383**	12,208
Amount due from a director	23	**–**	2,098
Amounts due from associates	24	**–**	1,229
Deposits placed in financial institution	25	**382**	151
Bank balances and cash	25	**81,424**	53,662
		86,189	69,348
Current liabilities			
Trade and other payables	26	**10,114**	8,530
Amount due to ultimate holding company	24	**–**	31,484
Amount due to a director	24	**483**	121
Amounts due to associates	24	**–**	37
Tax payable		**2,886**	4,323
Secured bank borrowings	27	**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	27	**65,324**	62,270
Derivative financial instruments	28	**686**	887
Other payables – tenant deposits – over 1 year	26	**92**	73
Provision for long service payment	29	**168**	168
Deferred tax liabilities	30	**20,123**	11,871
		86,393	75,269
		398,719	310,567
Capital and reserves			
Share capital	31	**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

Approved and authorised for issue by board of directors on 26 June 2017.

Arnold Ip Tin Chee
Director

Chang Sean Pey
Director

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 (note 21)	-	-	-	-	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 (note 24)	98,983	-	-	(71,979)	-	-	-	-	27,004	-	27,004
Capitalisation issue (note 31d)	6,000	(6,000)	-	-	-	-	-	-	-	-	-
Issue of shares by way of placing (note 31c)	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 (note 32)	-	-	-	-	-	-	-	-	-	1,426	1,426
Acquisition of additional interest in a subsidiary (note 33)	-	-	(12)	-	-	-	-	-	(12)	(236)	(248)
Arising from Reorganisation	(149,178)	(98,065)	133,753	113,490	-	-	-	-	-	-	-
Dividends paid (note 16)	-	-	(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

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 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 (note 21)	–	–	–	–	(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 (note 36d)	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 16)	–	(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 ("Altus Investments") and the net assets value of the subsidiaries of the Group including Galaxy Base Limited, Smart Tact Property Investment Limited and Residence Motoki Investment Limited ("Residence Motoki") held by the ultimate holding company.

(iv) Amounts represent the employee benefits borne by the ultimate holding company, details of which are set out in note 41 to the consolidated financial statements.

(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.

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES			
Profit before tax		**20,730**	22,088
Adjustments for:			
Finance costs		**3,520**	3,317
Bank interest income		**(26)**	(7)
Reversal of impairment losses of trade receivables		**(16)**	(158)
Depreciation of property, plant and equipment		**1,287**	1,664
Share based payments		**4,932**	357
Gain on disposal of available-for-sale investments		**–**	(1,412)
Loss on disposal of an associate		**1,274**	1,066
Impairment loss on an available-for-sale investment		**468**	4,692
Gain on bargain purchase		**(824)**	–
Changes in fair value of derivative financial liabilities		**(25)**	512
Share of results of associates		**1,893**	(4,372)
Net (increase) decrease in fair value of investment properties		**(24,986)**	303
Dividend income from available-for-sale investments		**(557)**	(8,038)
Operating cash flows before movements in working capital		**7,670**	20,012
Decrease (increase) in trade and other receivables		**100**	(1,703)
(Decrease) increase in trade and other payables		**(1,966)**	1,848
CASH GENERATED FROM OPERATIONS		**5,804**	20,157
Income tax paid		**(4,511)**	(616)
NET CASH FROM OPERATING ACTIVITIES		**1,293**	19,541
INVESTING ACTIVITIES			
Acquisition of available-for-sale investments		**(1,791)**	(74)
Proceed from disposal of available-for-sale investments		**–**	4,719
Repayments from associates		**1,229**	492
Repayments from a director		**2,098**	1,225
Interest received		**26**	7
Proceed from disposal of an associate		**10,941**	1,275
Dividend received from associates		**3,989**	1,250
Dividend received from available-for-sale investments		**8,395**	517
Deposit paid for acquisition of investment properties		**(2,085)**	–
Acquisition of a subsidiary	32	**(6,798)**	–
Purchase of investment properties		**(29,596)**	(18,016)
Purchase of property, plant and equipment		**(419)**	(123)
NET CASH USED IN INVESTING ACTIVITIES		**(14,011)**	(8,728)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Note	Year ended 31 March 2017 HK$'000	2016 HK$'000
FINANCING ACTIVITIES			
Interest paid		**(3,666)**	(3,600)
New borrowings raised		**62,437**	51,936
Repayments of borrowings		**(53,559)**	(35,248)
Dividends paid		**(42,493)**	(2,226)
Repayments to ultimate holding company		**(4,480)**	(769)
Acquisition of additional interest of a subsidiary	33	**(248)**	–
Repayments to associates		**(37)**	–
Proceeds from issue of shares by way of placing		**85,000**	–
Transaction costs attributable to issue of shares		**(5,712)**	–
Repayments to a director		**–**	(74)
NET CASH FROM FINANCING ACTIVITIES		**37,242**	10,019
Net increase in cash and cash equivalents		**24,524**	20,832
Cash and cash equivalents at the beginning of the year		**53,813**	31,282
Effect of foreign exchange rate changes		**3,469**	1,699
Cash and cash equivalents at the end of the year		**81,806**	53,813
Analysis of components of cash and cash equivalents:			
Deposits placed in financial institution		**382**	151
Bank balances and cash		**81,424**	53,662
		81,806	53,813

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 detailed in the section headed "Corporate Information" of the annual report. 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 of the Company dated 30 September 2016 (the "Prospectus") (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 cash flows 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.

3. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

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.

3. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

HKFRS 9 (2014) Financial Instruments *(Continued)*

- 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 in respect of the Group's financial assets and financial liabilities, except of the available-for-sale investments stated at cost in which subsequently will be measured at fair value.

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.

3. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

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 directors of the Company are in the process of assessing the impacts on the consolidated financial statements.

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. Significant accounting policies

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

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

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

4. Significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. Significant accounting policies *(Continued)*

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or business in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or business first came under common control at a later date.

Business combination

Business combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value:

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase. Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

4. Significant accounting policies *(Continued)*

Investments in associates

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

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

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

After application of the equity method, including recognising the associate's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate. Goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the associate. Any impairment of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Gain and losses resulting from transactions between the Group and its associate are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

4. Significant accounting policies *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services rendered in the normal course of business, net of discounts.

Corporate finance service income is recognised when the underlying services have been provided or the significant acts have been achieved, in accordance with the terms of the service agreement.

Rental income is recognised on a straight-line basis over the terms of the relevant leases.

Administrative fee income and marketing service income is recognised in accordance with the terms of contract when the relevant services have been rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount can be measured reliably).

Property, plant and equipment

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. Significant accounting policies *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as prepaid lease payments in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

4. Significant accounting policies *(Continued)*

Taxation

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

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

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

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the general principles above.

Current and deferred taxes are recognised in profit or loss.

4. Significant accounting policies *(Continued)*

Foreign currencies

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

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

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

Impairment losses on tangible assets

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as expense immediately in profit or loss.

4. Significant accounting policies *(Continued)*

Impairment losses on tangible assets *(Continued)*

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

Retirement benefit costs

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

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Cash and cash equivalents

Cash in the consolidated statement of financial position comprise cash at banks and financial institution and on hand with a maturity of three months or less.

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

4. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets

Financial assets are classified into two of the four categories, including loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated debentures and club memberships as available-for-sale financial assets on initial recognition.

Equity securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset.

4. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from an associates/a director, deposits placed in financial institution and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy in respect of impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

4. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, amounts due from a director/associates, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable and other receivable or an amount due from a director/an associate is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

4. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income accumulated in investment revaluation reserve. For available-for-sale investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

The Group's financial liabilities are classified into other financial liabilities including trade and other payables, amounts due to ultimate holding company/a director/associates and secured bank borrowings are subsequently measured at amortised cost, using the effective interest method.

4. Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

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

On derecognition of a financial asset in its entirely, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Borrowing costs

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

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

4. Significant accounting policies *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

Fair value measurement

When measuring fair value, the Group takes into account the characteristics of the assets or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is unobservable.

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

5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 4 above, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

Control in the tokumei kumiai ("TK") operators ("TK Operators")

The Group invests in the certain investment properties located in Japan by entering into Japanese tokumei kumiai arrangements ("TK Arrangement") as a tokumei kumiai investor ("TK Investor") with Japanese limited liability companies known as TK Operators, which are the property holding companies. The relationship between the TK Operators and TK Investors is governed by tokumei kumiai agreements ("TK Agreements"), whereby the TK Investors provide funds to the TK Operators in return for income derived from the investments properties held by the TK Operators. Under the TK Agreements, profits or losses generated from TK Operators will be returned to the Group periodically. Therefore, the Group is exposed to the substantial of risks and rewards from its agreements with the TK Operators and the underlying property holding business. Besides, the Group exercises its' control over the TK Operators by making decisions to direct the relevant activities, e.g. investment decision making (including acquisition and disposal of the properties and financing activities), monitoring of the leasing status and rental return from the properties, etc. Based on the substances of the arrangement and the legal advice, the directors of the Company are of the view that the Group is able to exercise control in the TK Operators during the years ended 31 March 2016 and 2017.

Equity settled share-based payments transactions

During the year ended 31 March 2016, the ultimate holder of the Company, KHHL, granted share options to certain directors of the Company, details of which are set out in note 41. The fair value of the share options granted and the amount recognised during the year ended 31 March 2016 and 2017 depends on the management judgment on the assumptions adopted in the valuation methodology.

5. Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

Critical judgements in applying accounting policies *(Continued)*

Key source of estimation uncertainty

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

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involve management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and if the expectation differs from the original estimates, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

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

The impairment loss on property, plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of property, plant and equipment have been determined based on fair value less cost of disposal. The directors of Company select an appropriate technique to determine the recoverable amounts of property, plant and equipment. These calculations require the use of estimates such as market comparables in similar areas and the relevant adjustments (e.g. size, age of the property, location, etc.). As at 31 March 2017, the carrying values of land and building included in property, plant and equipment were approximately HK$44,260,000 (2016: HK$45,244,000). No impairment loss was recognised during the years ended 31 March 2017 and 2016.

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties being recognised in profit or loss. The carrying amount of investment properties measured at fair value at 31 March 2017 was approximately HK$429,001,000 (2016: HK$351,721,000).

6. Capital risk management

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

The capital structure of the Group mainly consists of net debt which includes the secured bank borrowings disclosed in note 27, net of cash and cash equivalent and equity attributable to owners of the Company, comprising share capital and reserves.

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

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

There is no non-compliance of the capital requirements of Altus Investments and Altus Capital imposed by the Securities and Futures (Financial Resources) Rules during the years ended 31 March 2017 and 2016.

7. Financial risk management objectives and policies

a. Categories of financial instruments

	At 31 March 2017 HK$'000	At 31 March 2016 HK$'000
Financial assets		
Available-for-sale investments	**3,081**	1,335
Loans and receivables (including cash and cash equivalents)	**85,319**	68,816
Financial liabilities		
At amortised cost	**147,299**	167,846
Derivative financial liabilities	**686**	887

7. Financial risk management objectives and policies *(Continued)*

b. Financial risk management objectives and policies

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

(i) Currency risk

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

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

	Assets		**Liabilities**	
	As at 31 March 2017 HK$'000	As at 31 March 2016 HK$'000	**As at 31 March 2017 HK$'000**	As at 31 March 2016 HK$'000
SGD	**947**	7,874	**–**	–
JPY	**403**	11,525	**4,031**	–

7. Financial risk management objectives and policies *(Continued)*

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

(i) Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the currency of SGD and JPY.

The following table details the Group's sensitivity to a 5% (2016: 5%) increase and decrease in HK$ against SGD and 10% (2016: 10%) increase and decrease in HK$ against JPY. The 5% and 10% are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% and 10% (2016: 5% and 10%) change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the borrower.

A positive number below indicates an increase in post-tax profit where HK$ weakening 5% and 10% against the relevant currency. For a 5% and 10% strengthen of HK$ against the relevant currency, there would be an equal and opposite impact on the post-tax profit, and the balances below would be negative.

	SGD	
	2017	2016
	HK$'000	HK$'000
Profit or loss	**40**	658

	JPY	
	2017	2016
	HK$'000	HK$'000
Profit or loss	**(303)**	1,925

7. Financial risk management objectives and policies *(Continued)*

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

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, secured bank borrowings, derivative financial instruments and certain amount due to the ultimate holding company. As at 31 March 2017, approximately HK$76,435,000 (2016: HK$61,536,000) of the Group's secured bank borrowings were carried at variable rates. As at 31 March 2016, approximately HK$4,480,000 (2017: nil) of the Group's amount due to ultimate holding company was carried at variable rates and was fully repaid during the year ended 31 March 2017.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate deposit placed in financial institutions and secured bank borrowings. The directors of the Company do not anticipate any significant interest rate exposure so that no sensitivity analysis is prepared for fair value interest rate risk.

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2016: 100 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If the interest rate on variable bank borrowings (2016: variable bank borrowings and amount due to ultimate holding company) had been 100 basis points (2016: 100 basis points) higher or lower and all other variables held constant, the Group's post-tax profit for the year ended 31 March 2017 would decrease or increase by approximately HK$616,000 (2016: HK$551,000). This is mainly attributable to the Group's exposure to interest rates on its secured bank borrowings.

7. Financial risk management objectives and policies *(Continued)*

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

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The directors of the Company manage this exposure by maintaining the investments with appropriate risk level. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

As at 31 March 2017 and 31 March 2016, if the price of the respective listed equity instruments held had been 10% higher/lower:

Investment revaluation reserve as at 31 March 2017 would increase/decrease by approximately HK$158,000 (2016: HK$65,000), as a result of the changes in fair values of available-for-sale investments.

(iv) Credit risk

At 31 March 2017 and 31 March 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of Company consider that the Group's credit risk is significantly reduced.

As at 31 March 2017, the Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 95% (2016: 98%) of total trade receivables.

As at 31 March 2016, the Group has concentration of credit risk as 73% (2017: nil) and 73% (2017: nil), of the total trade receivables was due from the Group largest customer and the five largest customers respectively within the corporate finance services segment.

7. Financial risk management objectives and policies *(Continued)*

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

(iv) Credit risk (Continued)

For the amounts due from associates/a director, they are continuously monitored by assessing the credit quality of respective counterparty, taking into account their financial position, past experience and other factors. Where necessary, impairment loss is made for estimated irrecoverable amounts.

The credit risk on deposits placed in financial institution and bank balances are limited because the counterparties are banks and financial institution with high credit-ratings assigned by international credit-ratings agencies.

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

(v) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. The Group did not breach any of loan covenants during the two years ended 31 March 2017.

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

The table included both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

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

7. Financial risk management objectives and policies *(Continued)*

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

(v) Liquidity risk (Continued)

Liquidity tables

	On demand or within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2017 HK$'000
At 31 March 2017						
Non-derivative financial liabilities						
Trade and other payables	8,728	92	–	–	8,820	8,820
Amount due to a director	483	–	–	–	483	483
Secured bank borrowings	60,490	6,923	19,248	47,290	133,951	125,080
Secured bank borrowings – not repayable within one year from the end of the reporting period but contain a repayment on demand clause	12,916	–	–	–	12,916	12,916
	82,617	7,015	19,248	47,290	156,170	147,299
Derivatives – net settlement						
Interest rate swaps	105	105	315	466	991	686

7. Financial risk management objectives and policies *(Continued)*

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

(v) Liquidity risk (Continued)

Liquidity tables *(Continued)*

	On demand or within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2016 HK$'000
At 31 March 2016						
Non-derivative financial liabilities						
Trade and other payables	7,167	73	–	–	7,240	7,240
Amount due to ultimate holding company	31,484	–	–	–	31,484	31,484
Amount due to a director	121	–	–	–	121	121
Amount due to associates	37	–	–	–	37	37
Secured bank borrowings	45,495	6,494	18,897	45,309	116,195	107,398
Secured bank borrowings – not repayable within one year from the end of the reporting period but contain a repayment on demand clause	21,566	–	–	–	21,566	21,566
	105,870	6,567	18,897	45,309	176,643	167,846
Derivatives – net settlement						
Interest rate swaps	224	224	704	404	1,556	887

Secured bank borrowings with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. As at 31 March 2017, the aggregate undiscounted principal amounts of these secured bank borrowings amounted to approximately HK$12,916,000 (2016: HK$21,566,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such secured bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$17,490,000 (2016: HK$28,745,000).

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

8. Fair value measurements recognised in the consolidated statement of financial position

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

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into level 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	Fair value as at		**Fair value hierarchy**	**Valuation technique and key inputs**
	31 March 2017 HK$'000	31 March 2016 HK$'000		
Financial asset				
Available-for-sale investments	**1,577**	650	Level 1	Quoted prices in an active market
Financial liability				
Interest rate swaps	**686**	887	Level 2	Quoted from banks using discounted cash flows with observable forward interest rates from the market

The fair value measurement of the interest rate swaps is based on the discounted cash flows calculated using the observable interest rates at the end of the reporting period and interest swap rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between levels of fair value hierarchy during the years ended 31 March 2017 and 2016.

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

9. 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 HK$'000	2016 HK$'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 HK$'000	2016 HK$'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

10. Segment information

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

Specifically, the Group's reportable 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**

10. Segment information *(Continued)*

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

10. Segment information *(Continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments, certain other income, share of results of 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

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

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 trade and 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.

10. Segment information *(Continued)*

Other segment information

	Corporate finance services		Property investment		Unallocated		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
For the year ended 31 March								
Amounts included in the measure of segment profit or loss or segment assets:								
Additions to non-current assets (note)	**–**	–	**31,681**	18,016	**419**	123	**32,100**	18,139
Net (increase)decrease in fair value of investment properties	**–**	–	**(24,986)**	303	**–**	–	**(24,986)**	303
Reversal of impairment losses of trade receivables	**–**	(127)	**(16)**	(31)	**–**	–	**(16)**	(158)
Finance costs	**–**	–	**1,928**	1,722	**1,592**	1,595	**3,520**	3,317

10. Segment information *(Continued)*

	Corporate finance services		Property investment		Unallocated		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
For the year ended 31 March								
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:								
Bank interest income	**–**	–	**–**	–	**(26)**	(7)	**(26)**	(7)
Dividend income from available-for-sale investments	**–**	–	**–**	–	**(557)**	(8,038)	**(557)**	(8,038)
Gain on disposal of available-for-sale investments	**–**	–	**–**	–	**–**	(1,412)	**–**	(1,412)
Gain on bargain purchase	**–**	–	**–**	–	**(824)**	–	**(824)**	–
Changes in fair value of derivative financial liabilities	**–**	–	**–**	–	**(25)**	512	**(25)**	512
Depreciation for property, plant and equipment	**–**	–	**–**	–	**1,287**	1,664	**1,287**	1,664
Impairment loss on available-for-sale investments	**–**	–	**–**	–	**468**	4,692	**468**	4,692
Share of results of associates	**–**	–	**–**	–	**1,893**	(4,372)	**1,893**	(4,372)
Interests in associates	**–**	–	**–**	–	**6,248**	29,090	**6,248**	29,090
Loss on disposal of associates	**–**	–	**–**	–	**1,274**	1,066	**1,274**	1,066
Income tax expense	**–**	–	**–**	–	**7,682**	4,395	**7,682**	4,395

Note: Non-current assets excluded available-for-sale investments.

10. Segment information *(Continued)*

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.

11. 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

12. 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

13. 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 years	**–**	(34)
	1,474	1,858
Japanese Corporate Income Tax	**52**	40
Japanese Withholding Tax	**1,387**	1,307
	2,913	3,205
Deferred taxation (note 30)	**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.

13. Income tax expense *(Continued)*

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

	2015 HK$'000	2016 HK$'000
Profit before tax	20,730	22,088
Tax at the domestic income tax rates in the respective jurisdictions	6,820	5,566
Tax effect of share of results of associates	312	(721)
Tax effect of expenses not deductible for tax purpose	3,577	2,610
Tax effect of income not taxable for tax purpose	(1,139)	(1,538)
Income tax on concessionary rate	(1,978)	(1,459)
Tax effect of tax losses not recognised	130	11
Over-provision in respect of previous years	–	(34)
Effect of tax exemptions granted (note)	(40)	(40)
Income tax expense	7,682	4,395

Details of deferred taxation are set out in note 30.

Note: A tax concession of 75%, subject to a ceiling of HK$20,000 per company, for the Group's subsidiaries under Hong Kong jurisdiction for both years ended 31 March 2017 and 2016.

14. Profit for the year

	2017 **HK$'000**	2016 HK$'000
Profit for the year has been arrived at after charging:		
Staff cost, excluding directors' emoluments (note 15a):		
– 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 operating expenses)	**1,274**	1,066
Share based payments (note 41)	**4,932**	357
Net exchange loss	**950**	–
Listing expenses (included in administrative and operating expenses)	**11,251**	3,607

15. Directors' and employees' emoluments

(a) Directors' emoluments

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

Year ended 31 March 2017

	Fees HK$'000	Salaries, bonus and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Share-based payments HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
Executive directors:					
Arnold Ip Tin Chee	–	600	18	–	618
Chang Sean Pey	–	3,702	17	3,249	6,968
Leung Churk Yin Jeanny	–	4,470	18	1,683	6,171
Independent non-executive directors:					
Chao Tien Yo (appointed on 26 September 2016)	55	–	–	–	55
Chan Sun Kwong (appointed on 26 September 2016)	55	–	–	–	55
Lee Shu Yin (appointed on 26 September 2016)	55	–	–	–	55
Total emoluments	165	8,772	53	4,932	13,922

15. Directors' and employees' emoluments *(Continued)*

(a) Directors' emoluments *(Continued)*

Year ended 31 March 2016

	Fees HK$'000	Salaries, bonus and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Share-based payments HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
Executive directors:					
Arnold Ip Tin Chee	–	600	18	–	618
Chang Sean Pey	–	4,220	11	235	4,466
Leung Churk Yin Jeanny (with effect from 3 March 2016)	–	831	5	122	958
Total emoluments	–	5,651	34	357	6,042

During the years ended 31 March 2017 and 2016, no director has been appointed as chief executive of the Company.

During the years ended 31 March 2017 and 2016, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

During the year ended 31 March 2016, the ultimate holding company, KHHL, has issued share option to two of the directors of the Company. During the years ended 31 March 2017 and 2016, the fair value of the share option recognised is amounted to approximately HK$4,932,000 and HK$357,000 respectively. Details of the share option are set out in note 41.

None of the directors of the Company waived or agreed to waive any emoluments during the years ended 31 March 2017 and 2016.

15. Directors' and employees' emoluments *(Continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, during the years ended 31 March 2017, two (2016: three) were directors of the Company whose emoluments are included in the note 15(a) above. The emoluments of the remaining three (2016: two) individuals were as follows:

	2017	2016
	HK$'000	HK$'000
Salaries, bonus and other benefits	**3,577**	1,680
Contributions to retirement benefits scheme	**54**	35
	3,631	1,715

Their emoluments were within the following bands:

	2017	2016
	No. of Employees	No. of Employees
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**2**	–

During the years ended 31 March 2017 and 2016, no emoluments were paid by the Group to the five highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office.

16. Dividends

No dividend was paid or proposed by the Company during the year ended 31 March 2016. During the year ended 31 March 2017, an interim 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 HK 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.

17. 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 **HK$'000**	2016 HK$'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 **'000**	2016 '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.

18. Property, plant and equipment

	Land and building HK$'000	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
COST				
At 1 April 2015	49,184	9,027	2,257	60,468
Additions	–	–	123	123
At 31 March 2016 and 1 April 2016	49,184	9,027	2,380	60,591
Additions	–	105	314	419
At 31 March 2017	49,184	9,132	2,694	61,010
ACCUMULATED DEPRECIATION				
At 1 April 2015	2,957	8,742	1,697	13,396
Charged for the year	983	275	406	1,664
At 31 March 2016 and 1 April 2016	3,940	9,017	2,103	15,060
Charged for the year	984	39	264	1,287
At 31 March 2017	4,924	9,056	2,367	16,347
CARRYING VALUES				
At 31 March 2017	44,260	76	327	44,663
At 31 March 2016	45,244	10	277	45,531

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

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

The Group has pledged its land and building with a carrying value of approximately HK$44,260,000 (2016: HK$45,244,000) to secure bank borrowings of the Group as at 31 March 2017.

19. Investment properties

	HK$'000
FAIR VALUE	
At 1 April 2015	316,219
Exchange realignment	17,789
Additions	18,016
Net decrease in fair value recognised in profit or loss	(303)
At 31 March 2016 and 1 April 2016	351,721
Exchange realignment	1,638
Arising on acquisition of a subsidiary (note 32)	21,060
Additions	29,596
Net increase in fair value recognised in profit or loss	24,986
At 31 March 2017	429,001

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

For the investment property located in Hong Kong, the fair value of investment property at 31 March 2016 and 2017 has been arrived at on the basis of a valuation carried out by independent qualified professional valuer, Vigers Appraisal and Consulting Limited, who is the member of The Hong Kong Institution of Surveyors and has recent experience in the location and category of the investment property being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions. Details of the valuation techniques and assumptions are discussed below.

For the investment properties located in Japan, the fair value of investment properties at 31 March 2016 and 31 March 2017 has been arrived at on the basis of a valuation carried out by an independent qualified professional valuer, Colliers International Tokyo of Colliers International Group Inc., who is the member of Japan Association of Real Estate Appraisers and has recent experience in the location and category of the investment properties being valued. The valuation was arrived at by using income method – direct capitalisation approach which involves estimation of income and expenses, taking into account of expected future changes in economic and social conditions. Details of the valuation techniques and assumptions are discussed below.

There has been no change from valuation technique used during the years ended 31 March 2016 and 2017. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

19. Investment properties *(Continued)*

The Group has pledged its investment properties with a carrying value of approximately HK$364,018,000 (2016: HK$333,049,000) to secure banking facilities granted to the Group as at 31 March 2017.

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

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Fair value as at 31 March 2017 HK$'000**
Investment properties	**–**	**63,500**	**365,501**	**429,001**

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Fair value as at 31 March 2016 HK$'000
Investment properties	–	58,000	293,721	351,721

There were no transfers between levels of fair value hierarchy during the year.

19. Investment properties *(Continued)*

The following table gives information about how the fair values of the investment properties as at 31 March 2017 and 2016 are determined (in particular, the valuation techniques and inputs used):

	Fair value hierarchy HK$'000	**Fair value as at 31 March 2017 HK$'000**	Fair value as at 31 March 2016 HK$'000	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship key inputs and significant unobservable inputs to fair value
Investment property located in Hong Kong	Level 2	**63,500**	58,000	Market Comparison approach – by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available	N/A	N/A	N/A
Investment properties located in Japan	Level 3	**365,501**	293,721	Income method – direct capitalisation approach, by reference to capitalised income derived from exiting tenancies and the reversionary potential of the properties	Capitalisation rate	Ranged from 3.4% to 6.1% (March 2017: 3.4% to 6.0%)	The higher the capitalisation rate, the lower the fair value

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

	Total HK$'000
At 1 April 2015	256,219
Exchange adjustments	17,789
Additions	18,016
Net increase in fair value recognised in profit or loss	1,697
At 31 March 2016 and 1 April 2016	293,721
Exchange adjustments	1,638
Additions	29,596
Arising on acquisition of a subsidiary	21,060
Net increase in fair value recognised in profit or loss	19,486
At 31 March 2017	**365,501**

20. Interests in associates

	2017 HK$'000	2016 HK$'000
Costs of investments in associates, unlisted	**2,752**	18,313
Share of post-acquisition profits and other comprehensive income, net of dividends received	**3,496**	10,777
	6,248	29,090

As at 31 March 2017 and 31 March 2016, the Group had interests in the following material associates:

Name of entity	Form of entity	Place of incorporation / operation	Class of shares held	Proportion of nominal value of issued capital and voting right held by the Group At 31 March 2017	At 31 March 2016	Principal activities
Directly held						
KK Tenyu Asset Management (note i)	Incorporated	Japan	Ordinary	**40%**	40%	Asset management
Japan Regional Assets Manager Limited (note ii)	Incorporated	Cayman Island	Ordinary	**40%**	40%	Investment holding
Japan Special Situation Investment Limited ("JSSI") (note iii)	Incorporated	BVI	Ordinary	**N/A**	27.0%	Property investment
Nicewell Enterprises Limited ("Nicewell") (note iv)	Incorporated	BVI	Ordinary	**N/A**	27.0%	Investment holding
Indirectly held						
KK Tenyu Property Management (note i)	Incorporated	Japan	Ordinary	**N/A**	32%	Property management
Japan Residential Assets Manager Limited (note ii) ("JRAM SG")	Incorporated	Singapore	Ordinary	**40%**	40%	Asset management
Indirectly held						
Yugen Kaisha Fugen ("YK Fugen") (note iv)	Incorporated	Japan	Ordinary	**N/A**	27.0%	Property investment
KK Tenyu Investment Management ("KK Tenyu Investment")(note i)	Incorporated	Japan	Ordinary	**N/A**	40%	Investment management business

20. Interests in associates *(Continued)*

(i) As at 31 March 2016, the Group held 40% equity interests in KK Tenyu Asset Management which held 80% and 100% equity interests in KK Tenyu Property Management and KK Tenyu Investment respectively, therefore the Group effectively held 32% and 40% equity interest in KK Tenyu Property Management and KK Tenyu Investment respectively.

During the year ended 31 March 2017, KK Tenyu Investment Management and KK Tenyu Property Management were liquidated on 9 June 2016 and 7 October 2016 respectively. No loss was resulted from the liquidation.

(ii) The Group held 40% equity interests in Japan Regional Assets Manager Ltd. which held 100% equity interests in JRAM SG, therefore, the Group effectively held 40% equity interest in JRAM SG.

(iii) On 23 November 2016, the Group acquired additional 64.9% equity interest in JSSI and became a subsidiary of the Group. Details are set out in Note 32.

(iv) As at 31 March 2016, the Group held 27.0% equity interests in Nicewell which held 100% equity interest in YK Fugen, therefore, the Group effectively held 27.0% equity interest in YK Fugen as at 31 March 2016.

On 23 November 2016, the Group disposed of its 27.0% equity interests in Nicewell and its' subsidiary, YK Fugen, at a cash consideration of approximately JPY159,596,000 (equivalent to approximately HK$10,941,000). A loss on disposal of associate of approximately HK$1,274,000 was recognised in the consolidated statement of profit or loss for the year ended 31 March 2017.

(v) On 1 April 2016, Japan Regional Assets Management (Hong Kong) Limited ("JRAM HK"), an associate of the Group which is owned as to 40.0% by the Group was dissolved. The investment cost of the associate as at 31 March 2016 and 1 April 2016 is amounted to HK$40, no asset was distributed back to the Group. As a result, the loss on disposal of JRAM HK is amounted to HK$40.

(vi) During the year ended 31 March 2016, the Group had fully disposed of its equity interests of 12.05% in AJ Investments Group Ltd. to an executive director of the Company, Chang Sean Pey at a cash consideration of approximately JPY20,178,000 (equivalent to approximately HK$1,275,000). Loss on disposal of an associate of approximately HK$1,066,000 had been recognised in profit or loss.

20. Interests in associates *(Continued)*

The summarised financial information in respect of each of the associates that is material to the Group as at 31 March 2016 and are accounted for using equity method is set out below.

a) Nicewell and its subsidiary, YK Fugen ("Nicewell Group")

	2016 HK$'000
Current assets	4,126
Non-current assets	41,719
Current liabilities	(1,505)

	2016 HK$'000
Revenue	5,891
Profit for the year	2,753
Other comprehensive income for the year	2,654
Total comprehensive income for the year	5,407
Dividend received by the Group during the year	352

The reconciliation of the summarised financial information presented above to the carrying amount of the interest in Nicewell Group recognised in the consolidated financial statements is set out below:

	2016 HK$'000
Net assets of the associate	44,340
Proportion of the Group's ownership interest in Nicewell Group	27.0%
Carrying amount of the Group's interest in Nicewell Group	11,983

20. Interests in associates *(Continued)*

b) JSSI

	2016 HK$'000
Current assets	3,558
Non-current assets	18,808
Current liabilities	(3,944)

	2016 HK$'000
Revenue	1,325
Profit for the year	1,078
Other comprehensive expense for the year	1,099
Total comprehensive income for the year	2,177

The reconciliation of the summarised financial information presented above to the carrying amount of the interest in JSSI recognised in the consolidated financial statements is set out below:

	2016 HK$'000
Net assets of the associate	18,422
Proportion of the Group's ownership interest in JSSI	27.0%
Carrying amount of the Group's interest in JSSI	4,979

The financial information and carrying amount, in aggregate, of the Group's interests in associates that are not individually material and are accounted for using the equity method are set out below:

	2017 **HK$'000**	2016 HK$'000
The Group's share of (loss) profit for the year	**(2,116)**	3,335
The Group's share of other comprehensive (expense) income for the year	**19**	1,314
The Group's share of total comprehensive (expense) income for the year	**(2,097)**	4,649
Dividend received by the Group from other associates	**3,783**	898

	2017 **HK$'000**	2016 HK$'000
Carrying amount of the Group's interests in immaterial associates	**6,248**	12,128

21. Available-for-sale investments

Available-for-sale investments comprise:

	2017 HK$'000	2016 HK$'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.

22. Trade and other receivables

	2017 HK$'000	2016 HK$'000
Trade receivables (note)	**1,912**	2,760
Less: allowances for impairment of trade receivables	**(5)**	(21)
	1,907	2,739
Other receivables	**2,476**	9,469
	4,383	12,208

Note: As at 31 March 2016, included in trade receivables of approximately HK$911,000 (2017: HK$247,000) is due from Japan Regional Assets Manager Limited, an associate of the Group.

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 HK$'000	2016 HK$'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.

22. Trade and other receivables *(Continued)*

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

	2017 HK$'000	2016 HK$'000
Balance at the beginning of the year	**21**	178
Reversal of impairment losses	**(16)**	(158)
Exchange realignment	**–**	1
Balance at the end of the year	**5**	21

Included in the allowance for impairment of trade receivables are individually impaired trade receivables with an aggregate balance of approximately HK$5,000 (2016: HK$21,000) as at 31 March 2017 due to long outstanding.

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

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

d) Included in other receivables is the following amounts denominated in currencies other than the functional currency of the respective reporting entities of the Group:

	2017 HK$'000	2016 HK$'000
SGD	**911**	7,838

23. Amount due from a director

	2017	2016
	HK$'000	HK$'000
Chang Sean Pey	–	2,098

As at 31 March 2016, the amount due from a director was unsecured, non-interest bearing and repayable on demand. The amount was fully settled during the year. The maximum outstanding balance of amount due from a director for the year ended 31 March 2017 is approximately HK$2,098,000 (2016: HK$2,098,000).

24. Amounts due from (to) associates/a director/ultimate holding company

Included in the amount due to ultimate holding company of approximately HK$4,480,000(2017: nil) as at 31 March 2016, was unsecured, carried at interest rate calculated based on Hang Seng Interbank Offered Rate plus 1.75% per annum and repayable on demand. The amount was fully settled during the year. For the remaining balance of approximately HK$27,004,000 as at 31 March 2016 (2017: nil), it was unsecured, interest-free and repayable on demand and fully settled during the year by way of issue of shares of a subsidiary. Details are set out in note 36(b).

For the amounts due from (to) associates/a director, they are unsecured, interest-free and repayable on demand.

Included in amounts due from associates is the following amount denominated in currencies other than the functional currency of the respective reporting entities of the Group:

	2017	2016
	HK$'000	HK$'000
JPY	–	1,228

25. Deposits placed in financial institution/bank balances and cash

At 31 March 2017 and 2016, the deposits placed in financial institution and bank balances carried at market interest rate which ranged from 0.01% to 0.06% per annum.

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

	2017	2016
	HK$'000	HK$'000
JPY	**403**	10,297
SGD	**36**	36

26. Trade and other payables

	2017 HK$'000	2016 HK$'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 the reporting period. The Group has financial risk management policies in place to ensure 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 amount due to ultimate holding company as disclosed in note 24.

27. Secured bank borrowings

	2017 HK$'000	2016 HK$'000
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
On demand	**12,916**	21,566
Within one year	**59,756**	45,128
After one year but within two years	**5,683**	5,220
After two years but within five years	**16,015**	15,667
After five years	**43,626**	41,383
	137,996	128,964
Carrying amount of bank borrowings that are not repayable on demand or within one year from the end of the reporting period but:		
– Contain a repayment on demand clause	**12,916**	21,566
Carrying amount repayable within one year	**59,756**	45,128
Amounts shown under current liabilities	**72,672**	66,694
Amounts shown under non-current liabilities	**65,324**	62,270
	137,996	128,964
The exposure of the Group's secured bank borrowings to interest rate risk is as follows:		
Fixed-rate borrowings	**61,561**	67,428
Variable-rate borrowings	**76,435**	61,536
	137,996	128,964

27. Secured bank borrowings *(Continued)*

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

	2017 HK$'000	2016 HK$'000
Effective interest rate:		
Fixed-rate borrowings	**1.37% to 3.35%**	1.37% to 3.35%
Variable-rate borrowings	**1.65% to 3.59%**	1.99% to 3.27%

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

Included in secured bank borrowings is the following amount denominated in currencies other than the functional currency of the respective reporting entity of the Group:

	2017 HK$'000	2016 HK$'000
JPY	**4,031**	–

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

	At 31 March 2017 HK$'000	At 31 March 2016 HK$'000
Floating rate	**27,569**	12,100

During the year, the Group obtained new loans in the amount of approximately HK$62,437,000 (2016: HK$51,936,000) and will be repayable ranged from 2017 to 2036. The proceeds were used for general working capital purpose and to finance the acquisition of investment properties.

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

An associate of the Group have provided guarantees to certain banks in respect of the bank borrowings granted to the Group as at 31 March 2017. A director of the Company and an associate of the Group have provided guarantees to certain banks in respect of the bank borrowings granted to the Group as at 31 March 2016. The personal guarantee from the director was released during the year.

28. Derivative financial instruments

	2017 Liabilities HK$'000	2016 Liabilities HK$'000
Interest rate swaps	**686**	887

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

Major terms of the interest rate swaps are as follows:

31 March 2017

Notional amount	**Maturity**	**Swaps From**	**To**
JPY 78,750,000 (equivalent to approximately HK$5,473,000)	**30/9/2024**	**TIBOR + 1.40%**	**2.79%**
JPY 117,000,000 (equivalent to approximately HK$8,132,000)	**31/8/2036**	**TIBOR + 1.40%**	**2.26%**
JPY 170,000,000 (equivalent to approximately HK$11,815,000)	**30/9/2025**	**TIBOR + 1.20%**	**2.42%**

31 March 2016

Notional amount	Maturity	Swaps From	To
JPY 89,250,000 (equivalent to approximately HK$6,149,000)	30/9/2024	TIBOR + 1.40%	2.79%
JPY 165,000,000 (equivalent to approximately HK$11,368,000)	30/9/2021	TIBOR + 1.60%	3.48%
JPY 190,000,000 (equivalent to approximately HK$13,091,000)	30/9/2025	TIBOR + 1.20%	2.42%

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

29. Provision for long service payments

The Group makes provision for probable future long service payments to employees in accordance with Hong Kong Employment Ordinance. Pursuant to Chapter 10 of the Hong Kong Employment Ordinance, the long service payment is to be offset with the accrued benefits derived from the Group's contributions made to MPF Scheme for the employees.

30. Deferred tax liabilities

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

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Undistributable profits of subsidiaries HK$'000	Total HK$'000
At 1 April 2015	238	8,943	879	10,060
Charged to profit or loss for the year (note 13)	42	346	802	1,190
Exchange realignment	–	2,441	(1,820)	621
At 31 March 2016 and 1 April 2016	280	11,730	(139)	11,871
Charged to profit or loss for the year (note 13)		4,792	(23)	4,769
Arising from acquisition of a subsidiary (note 32)		3,342		3,342
Exchange realignment		141		141
At 31 March 2017	**280**	**20,005**	**(162)**	**20,123**

At 31 March 2017, the Group has unused estimated tax losses of approximately HK$1,620,000 (2016: HK$833,000), available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profits streams, such losses may be carried forward indefinitely.

31. 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 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 approximately HK$6,000,000 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.

32. Acquisition of a subsidiary

On 23 November 2016, the Group acquired additional 64.9% of the issued share capital in JSSI for a cash consideration of approximately JPY154,310,000 (equivalent to approximately HK$10,587,000) from the shareholders of JSSI. Prior to the acquisition of the additional equity interest in JSSI, a 80% owned subsidiary I Corporation ("I Corporation") had 27.0% equity interest in JSSI was classified as an associate of the Group. Following the acquisition, I Corporation and a wholly owned subsidiary, Starich Resources Limited ("Starich") hold 91.9% in aggregate equity interest in JSSI (effectively holding 86.5% of equity interest by the Group). As such, JSSI became a non-wholly owned subsidiary of the Group.

JSSI is principally engaged in the investment property. The acquisition has been accounted for using the acquisition method.

Consideration

	HK$'000
Cash consideration	10,587

Acquisition-related costs were insignificant and have been recognised as an expense in administrative and operating expenses during the year.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Investment property	21,060
Trade and other receivables	97
Bank balances and cash	3,789
Trade and other payables	(3,888)
Income tax payable	(126)
Deferred tax liabilities	(3,342)
	17,590

The fair value of trade and other receivables at the date of acquisition amounted to approximately HK$97,000 which is same as the gross contractual amounts at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

32. Acquisition of a subsidiary *(Continued)*

Gain on bargain purchase

	HK$'000
Consideration transferred	10,587
Add: non-controlling interests	1,426
Add: fair value of previously held equity interests in an associates (note)	4,753
Less: net assets acquired	(17,590)
Gain on bargain purchase	(824)

Note: The fair value of the previously held interest 27.0% in JSSI was determined by reference to the fair value of the assets and liabilities at the date of acquisition. The carrying amount of the previously held interest 27.0% in JSSI at the date of acquisition was approximates to its fair value. As a result, no gain or loss was recognised in the respect of the deemed disposal of JSSI.

None of the gain on bargain purchase arising on this acquisition is expected to be taxable for tax purpose.

Net cash outflow on acquisition of JSSI

	HK$'000
Cash consideration paid	10,587
Bank balance and cash acquired	(3,789)
	6,798

Included in the profit for the year is HK$399,000 attributable to the additional business generated by JSSI. Revenue for the year includes HK$ 525,000 generated from JSSI.

Had the acquisition been completed on 1 April 2016, the Group's revenue for the year would have been approximately HK$52,818,000, and profit for the period would have been approximately HK$14,807,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2016, nor is it intended to be a projection of future results.

33. Changes in ownership interest in a subsidiary

During the year, the Group has the following changes in its ownership interest in a subsidiary that do not result in a loss of control.

Acquisition of addition interest in a subsidiary

During the year ended 31 March 2017, the Group acquired an additional 1.13% issued share of Residence Motoki from the non-controlling interest at cash consideration of approximately HK$248,000. This resulted in an increase in the Group's equity interest in Residence Motoki from 77.57% to 78.70%. Approximately HK$12,000 representing the difference between the carrying amount of the interest acquired of approximately HK$236,000 and the consideration paid for acquisition of additional interest of approximately HK$248,000 which was recognised in other reserve.

34. Operating lease commitments

The Group as lessor

During the years ended 31 March 2017 and 2016, the Group's properties held for rental purpose by the Group are expected to generate rental yields of 5.7% and 6.1% respectively, on an ongoing basis. All of the properties held have committed tenants for the next one to two years.

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

	2017 **HK$'000**	2016 HK$'000
Within one year	**2,385**	3,448
In the second to fifth year inclusive	**–**	292
	2,385	3,740

35. Capital commitments

	2017 **HK$'000**	2016 HK$'000
Capital expenditure in respect of acquisition of investment properties contracted for but not provided in the consolidated financial statements	**71,115**	–

36. Major non-cash transactions

The Group has major non-cash transactions as follows:

a) During the year ended 31 March 2017, Altus Investments issued 1 ordinary share at a consideration of HK$71,979,000 to acquire the interests in TK agreements of GK Choun from KHHL.

b) During the year ended 31 March 2017, Altus Investments issued 999,996 ordinary shares to KHHL for setting the amount due to KHHL of approximately HK$27,004,000.

c) During the year ended 31 March 2016, upon the deregistration of Smart Tact HK, share capital of approximately HK$39,695,000 divided into HK$34,864,000 and HK$4,831,000 had been returned to KHHL and non-controlling interests respectively; and approximately HK$4,020,000 of retained profits with approximately HK$3,531,000 and HK$489,000 had been distributed to KHHL and non-controlling interests respectively. The total amounts of return of capital and retained profit distributions belong to KHHL and non-controlling interests was HK$38,395,000 and HK$5,320,000, respectively, have been settled through the amount due to the ultimate holding company and amounts due from non-controlling interests respectively.

d) During the year ended 31 March 2016, Smart Tact, a subsidiary of the Group, has issued and allotted 4,610 ordinary shares of HK$1 each to its shareholders (including KHHL and non-controlling interests) for the total consideration of approximately HK$21,003,000. Amount of approximately HK$2,556,000 and HK$18,447,000 have been settled through the amounts due from non-controlling interests and amount due to ultimate holding company respectively.

e) During the year ended 31 March 2016, the Group disposed of certain unlisted equity securities with the carrying amount of approximately HK$1,108,000, which had been carried at cost less impairment before the disposal, to the ultimate holding company. The consideration was settled through the amount due to ultimate holding company.

f) On 4 March 2016, call option deeds have been entered into between KHHL and the directors of the Company, Sean Pey Chang and Leung Churk Yin Jeanny. The deeds entitled Chang Sean Pey and Leung Churk Yin Jeanny to purchase from KHHL up to 24,900,000 shares and up to 12,900,000 shares of the Company held by KHHL ("Option Share") respectively, at the exercise price of HK$0.00004 per Option Share. The call options is exercisable during the period from 30 September 2017 to 30 September 2019 in accordance with the call option deeds. During the year ended 31 March 2016, amount of approximately HK$357,000 had been recognised as staff cost in the profit or loss, and the corresponding shareholder's contribution had been recognised in equity. Principal terms of the relevant call options are set out in note 41.

g) During the year ended 31 March 2016, Altus Investments issued 3 ordinary shares at a consideration of HK$23,162,000, HK$15,250,000, and HK$3,283,000 respectively to acquire the equity interests in Smart Tact, Residence Motoki, and Galaxy Base from KHHL respectively.

37. Retirement benefits plan

Hong Kong

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

The total cost charged to profit or loss of approximately HK$373,000 (2016: HK$254,000) represents contributions payable to this scheme by the Group in respect of the current accounting period.

38. Related party transactions

(a) Transactions

Except disclosed elsewhere in the consolidated financial statements, 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)
JSSI	Former associate	Accountancy fee income received (included in other income)	**16**	24
Japan Residential Assets Manager Ltd	Associate	Administrative fee income received (included in other income)	**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.

38. Related party transactions *(Continued)*

(b) Compensation of key management personnel

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

	Year ended 31 March 2017 HK$'000	Year ended 31 March 2016 HK$'000
Short-term benefits	**11,810**	5,651
Share based payments	**4,932**	357
Post-employment benefits	**106**	34
	16,848	6,042

39. Statement of financial position of the Company

	2017 HK$'000	2016 HK$'000
Non-current assets		
Investments in subsidiaries	**299,510**	1
Current assets		
Other receivables	**304**	–
Amounts due from associates	**60,498**	–
Bank balances and cash	**11,107**	–
	71,909	–
Current liabilities		
Accruals	**750**	–
Amount due to subsidiaries	**2,000**	1
	2,750	1
Net current assets (liabilities)	**69,159**	(1)
	368,669	–
Capital and reserves		
Share capital	**8,000**	–
Reserves (note)	**360,669**	–
	368,669	–

39. Statement of financial position of the Company *(Continued)*

Note: movements of the reserves:

	Share Premium	Other reserve (note)	Shareholder contribution HK$'000	Accumulated (loss)/profit HK$'000	Total HK$'000
As at 11 November 2015 (date of incorporation)	–	–	–	–	–
Loss for the period	–	–	–	(357)	(357)
Contribution from shareholder	–	–	357	–	357
31 March 2016 and 1 April 2016	–	–	357	(357)	–
Profit for the year	–	–	–	19,940	19,940
Arising from Reorganisation	–	299,509	–	–	299,509
Dividend paid	–	(35,000)	–	–	(35,000)
Issue of shares by way of placing	83,000	–	–	–	83,000
Capitalisation issue	(6,000)	–	–	–	(6,000)
Transaction costs attributable to issue of shares	(5,712)	–	–	–	(5,712)
Contribution from shareholder	–	–	4,932	–	4,932
At 31 March 2017	**71,288**	**264,509**	**5,289**	**19,583**	**360,669**

Note:

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

40. Subsidiaries of the group

Details of the Company's subsidiaries as at 31 March 2017 and 2016 are as follows:

Name of Subsidiary	Form of business	Place of incorporation/ operation	Issued and fully paid-up share capital	Percentage of effective equity interest attributable to the Company 2017	2016	Proportion of voting power held by the Company 2017	2016	Principal activity
Directly held:								
Pleasant Hilltop Limited	Incorporated	The BVI	US$1	**100%**	100%	**100%**	100%	Investment holding
Whalehunter Investments Limited	Incorporated	The BVI	US$2 (2016:US$1)	**100%**	100%	**100%**	100%	Investment holding
Indirectly held:								
Altus Capital	Incorporated	Hong Kong	HK$12,500,000	**100%**	100%	**100%**	100%	Financial advisory services and investment holding
Altus Investments	Incorporated	Hong Kong	HK$149,178,505 (2016: 50,194,941) (note i)	**100%**	100%	**100%**	100%	Investment holding
EXE Rise Shimodori Investor Limited	Incorporated	The British Virgin Islands (the "BVI")	JPY100,000	**90%**	90%	**90%**	90%	Investment holding
Galaxy Base Limited	Incorporated	Hong Kong	HK$50	**100%**	100%	**100%**	100%	Property investment
Godo Kaisha Bohol	Incorporated	Japan	JPY1,000,000	**87.8%**	87.8%	**87.8%**	87.8%	Property investment
Godo Kaisha Choun	Incorporated	Japan	JPY10,000	**100%**	100%	**100%**	100%	Property investment
Godo Kaisha Yuzuha (note iv)	Incorporated	Japan	JPY10,000	**100%**	N/A	**100%**	N/A	Property investment
Godo Kaisha Hayama Shouten	Incorporated	Japan	JPY10,000	**90%**	90%	**90%**	90%	Property investment
Godo Kaisha Mameha ("GK Mameha")	Incorporated	Japan	JPY210,000 (2016: JPY10,000)	**78.7% (note i)**	77.6%	**78.7%**	77.6%	Property investment
I Corporation	Incorporated	The BVI	US$70	**80%**	80%	**80%**	80%	Investment holding
Residence Motoki	Incorporated	The BVI	JPY3,000,000	**78.7% (note ii)**	77.6%	**78.7%**	78.7%	Investment holding

40. Subsidiaries of the group *(Continued)*

Name of Subsidiary	Form of business	Place of incorporation/ operation	Issued and fully paid-up share capital	Percentage of effective equity interest attributable to the Company		Proportion of voting power held by the Company		Principal activity
				2017	2016	**2017**	2016	
Smart Tact Property Investment Limited	Incorporated	The BVI	HK$9,220	**87.8%**	87.8%	**87.8%**	87.8%	Investment holding
Starich	Incorporated	The BVI	US$8 (2016: US$7)	**100%**	100%	**100%**	100%	Property investment, investment holding and providing administrative services
Yugen Kaisha Hourei	Incorporated	Japan	JPY3,000,000	**100%**	100%	**100%**	100%	Property investment
Yugen Kaisha Houten	Incorporated	Japan	JPY3,000,000	**100%**	100%	**100%**	100%	Property investment
JSSI (note iii)	Incorporated	The BVI	US$3,700	**86.5%**	21.6%	**91.9%**	27.0%	Property investment

Notes:

(i) On 8 April 2016 and 23 September 2016, Altus Investments has issued and allotted aggregately 999,997 shares to KHHL amounting to approximately HK$98,984,000. Details are set out in note 36(a) and 36(b).

(ii) During the year, the Group acquired an additional 1.13% issued share of Residence Motoki from the non-controlling shareholders at cash consideration of approximately HK$248,000. This resulted in an increase in the Group's equity interest in Residence Motoki from 77.6% to 78.7%. Details are set out in note 33.

(iii) On 23 November 2016, Starich acquired additional 64.9% of the issued share capital in JSSI. After the acquisition, JSSI became a non-wholly owned subsidiary of the Group. Details are set out in note 32.

(iv) Godo Kaisha Yuzuha is newly incorporated in Japan on 20 February 2017.

41. Equity settled share-based payments transactions

Share Option scheme

On 4 March 2016, KHHL entered into the option deeds ("Option Deeds") with each of Chang Sean Pey and Leung Churk Yin Jeanny, respectively as the grantees ("Grantees"). Pursuant to the Option Deeds, in consideration of HK$1.00 paid by each Grantee, KHHL granted share options to the Grantees. The exercise of these shares options would entitle the Grantees to purchase the Company's share in aggregate of 37,800,000 shares held by KHHL. The share option is valid for 42 months after the listing date of the Company. According to the Option Deeds, one-third of the shares option may be exercisable after 12 months from the date of listing; another one-third may be exercisable after 24 months of the date of listing; and remaining may be exercisable after 36 months of date of listing.

Details of specific categories of the share options are as followed:

Date of grant	Number of instruments as at 31 March 2016	Vesting period	Contractual life of options	Exercise price
4 March 2016	12,474,000	12 months after listing date	42 months	HK$0.00004
4 March 2016	12,474,000	24 months after listing date	42 months	HK$0.00004
4 March 2016	12,852,000	36 months after listing date	42 months	HK$0.00004
	37,800,000			

The estimated fair value of the options granted on the grant date was approximately HK$11,320,000. During the year ended 31 March 2017, the Group recognises the total expense of approximately HK$4,932,000 (2016: HK$357,000) in relation to share options granted by KHHL and no share options are exercisable at the end of both years.

41. Equity settled share-based payments transactions *(Continued)*

a) The fair value was calculated using the Binomial model. The inputs into the model were as follow:

	4 Mar 2016 HK$
Weighted average share price at grant date	HK$0.773
Exercise price	HK$0.0004
Expected terms	42 months
Expected volatility	60.88%
Risk-free rate	0.99%
Expected dividend yield	2.00%

Expected volatility was determined with reference to the historical volatility of the Group's comparable companies.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options are based on the director's best estimate. The value of an option varies with different variables of certain subjective assumptions.

42. 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 shareholder with a cash consideration of 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 in November 2016. Upon completion of the acquisition of the abovementioned 8.1% equity interest in JSSI in June 2017, Starich 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.

(iii) On 26 June 2017, the Group has entered a revised banking facilities letter dated 26 June 2017 with a licensed bank. Such licensed bank as lender agreed to make available a revised revolving loan facility in the amount of HK$47,600,000 to an indirectly wholly-owned subsidiary of the Group, Starich, for the revised purpose of investments (and including up to HK$8,000,000 for working capital purposes). Details of this acquisition are set out in an announcement dated 26 June 2017.

Particulars of Properties Held by the Group

At 31 March 2017

	Particulars	Use	Lease term	Lot No.	Percentage of Group's interest
	Land and buildings				
1.	No. 21 Wing Wo Street	Commercial	Long-term	Sub-section 3 of Section C of Marine Lot No. 63 A	100.0%
	Investment properties				
	Hong Kong				
2.	8th Floor of Nos. 8-10 Duddell Street and No. 20 Ice House Street, Hong Kong	Commercial	Long-term	Inland Lot No. 339	100.0%
	Japan				
3.	Ark Palace Hiragishi	Residential	Freehold	Lot No. 31, Hiragishi 2-jo 7-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture	87.8%
4.	Kitano Machikado GH	Residential	Freehold	Lot No. 365-301, Kitano 5-Jo, 4-Chome, Kiyota-ku, Sapporo City, Hokkaido Prefecture	100.0%
5.	LC One	Residential cum office	Freehold	Lot No. 2-19, Kita 1jo Nishi 19-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture	87.8%
6.	Libress Hiragishi	Residential cum office	Freehold	Lot No. 3, Hiragishi 3jo 4-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture	100.0%
7.	Nouvelle 98	Residential	Freehold	Lot No. 533-14 and other lot, Minami 9jo Nishi 8-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture	100.0%
8.	Rakuyukan 36	Residential	Freehold	Lot No. 250-47, Minami 36jo Nishi 10-chome, Minami-ku, Sapporo City, Hokkaido Prefecture	91.9%
9.	South 1 West 18 Building	Residential cum office	Freehold	Lot No. 1-2 and other lots, Minami 1jo Nishi 18-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture	87.8%

Particulars of Properties Held by the Group

At 31 March 2017

	Particulars	Use	Lease term	Lot No.	Percentage of Group's interest
10.	T. House	Residential	Freehold	Lot No. 614-16 and other lot, Kotoni 3-jo 3-chome, Nishi-ku, Sapporo City, Hokkaido Prefecture	100.0%
11.	Tommy House Hiragishi	Residential	Freehold	Lot No. 44, Hiragishi 3jo 12-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture	100.0%
12.	Uruoi Kawanone	Residential	Freehold	Lot No. 7-1 and other lot, Minami 8jo Nishi 3-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture	100.0%
13.	White Building A & B	Residential	Freehold	Lot No. 18-316 and other lot, Kita 23jo Nishi 5-chome, Kita-ku, Sapporo City, Hokkaido Prefecture	87.8%
14.	Azabu Juban Crown Building	Residential	Freehold	Lot No. 2-12, Azabujuban 2-chome, Minato-ku, Tokyo	100.0%
15.	Azabu Sendaizaka Hills	Residential	Freehold	Lot No. 6-18 and other lot, Minamiazabu 1-chome, Minato-ku, Tokyo	100.0%
16.	City Court Suginami	Residential	Freehold	Lot No. 46-1 and other lots, Suginamicho, Hakodate City, Hokkaido Prefecture	100.0%
17.	Residence Motoki	Retail cum residential	Freehold	Lot No. 563, Nishijin 5-chome, Sawara-ku, Fukuoka City, Fukuoka Prefecture	78.7%
18.	Wealth Fujisaki	Residential	Freehold	Lot No. 55-2 and other lot, Fujisaki 1-chome, Sawara-ku, Fukuoka City, Fukuoka Prefecture	100.0%
19.	Rise Shimodori EXE	Retail cum residential	Freehold	Lot No. 2-2 and other lots, Chuogai, Chuo-ku, Kumamoto City, Kumamoto Prefecture	90.0%