

ALTUS .

Altus Holdings Limited

incorporated in the Cayman Islands with limited liability

Stock Code : 8149



FIRST QUARTERLY REPORT FY2018



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



FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (the “**Group**”) recorded an unaudited revenue of approximately HK\$17.2 million for the three months ended 30 June 2017 (“**1Q FY2018**”), representing an increase of approximately 32.4% when compared with approximately HK\$13.0 million for the three months ended 30 June 2016 (“**1Q FY2017**”).
- The Group recorded a net profit of approximately HK\$1,423,000 in 1Q FY2018 compared with net loss of approximately HK\$228,000 in 1Q FY2017.
- The basic and diluted earnings per share in 1Q FY2018 was HK0.16 cent and the basic and diluted loss per share in 1Q FY2017 was HK0.08 cent.
- The Directors do not recommend the payment of any dividend for 1Q FY2018.

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited consolidated results of the Group for 1Q FY2018, together with the comparative unaudited figures for 1Q FY2017, as follows:

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	1Q FY2018 (Unaudited) HK\$'000	1Q FY2017 (Unaudited) HK\$'000
Revenue	3	17,173	12,967
Other income	5	750	3,243
Changes in fair value of derivative financial liabilities		11	32
Property expenses		(2,974)	(1,922)
Administrative and operating expenses		(11,183)	(11,845)
Share of results of associates		(281)	(976)
Finance costs	6	(1,128)	(888)
Profit before tax		2,368	611
Income tax expense	7	(945)	(839)
Profit/(Loss) for the period	8	1,423	(228)
Other comprehensive income for the period			
Change in fair value of available-for-sale investments		27	69
Exchange differences arising on translation of foreign operations		433	21,259
Share of translation reserve of associates		516	2,713
Other comprehensive income for the period		976	24,041
Total comprehensive income for the period		2,399	23,813



UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

<i>Notes</i>	1Q FY2018 (Unaudited) HK\$'000	1Q FY2017 (Unaudited) HK\$'000
Profit/(Loss) for the period attributable to:		
Owners of the Company	1,266	(462)
Non-controlling interests	157	234
	1,423	(228)
Total comprehensive income for the period attributable to:		
Owners of the Company	2,248	22,973
Non-controlling interests	151	840
	2,399	23,813
	HK cent	HK cent
Earnings/(Loss) per share		
– Basic and diluted	<i>10</i>	<i>10</i>
	0.16	(0.08)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2018

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium (note i)	Other reserve (note ii)	Investment revaluation reserve	Shareholder contribution (note iii)	Exchange reserve	Retained profits		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2017 (audited)	8,000	71,288	98,747	424	5,289	(22,034)	228,332	8,673	398,719
Profit for the period	–	–	–	–	–	–	1,266	157	1,423
Other comprehensive income/ (expense) for the period:									
Change in fair value of available-for-sale investments	–	–	–	27	–	–	–	–	27
Exchange differences arising on translation of foreign operations	–	–	–	–	–	439	–	(6)	433
Share of translation reserves of associates	–	–	–	–	–	516	–	–	516
	–	–	–	–	–	955	–	(6)	976
Total comprehensive income for the period	–	–	–	27	–	955	1,266	151	2,399
Contribution from shareholder	–	–	–	–	930	–	–	–	930
Acquisition of addition interest in a subsidiary (note iv)	–	–	85	–	–	–	–	(1,427)	(1,342)
At 30 June 2017 (unaudited)	8,000	71,288	98,832	451	6,219	(21,079)	229,598	7,397	400,706

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2017

Attributable to owners of the Company

	Attributable to owners of the Company							Non-controlling interests	Total		
	Share capital	Share premium	Other reserve	Special reserve	Investment revaluation reserve	Shareholder contribution	Exchange reserve			Retained profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 2016 (audited)	50,195	98,065	6	(41,511)	-	357	(26,584)	218,984	299,512	11,055	310,567
Profit for the period	-	-	-	-	-	-	-	(462)	(462)	234	(228)
Other comprehensive income/(expense) for the period:											
Change in fair value of available-for-sale investments	-	-	-	-	69	-	-	-	69	-	69
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	20,653	-	20,653	606	21,259
Share of translation reserves of associates	-	-	-	-	-	-	2,713	-	2,713	-	2,713
	-	-	-	-	69	-	23,366	-	23,435	606	24,041
Total comprehensive income for the period	-	-	-	-	69	-	23,366	(462)	22,973	840	23,813
Issue of shares to ultimate holding company	71,979	-	-	(71,979)	-	-	-	-	-	-	-
Contribution from shareholder	-	-	-	-	-	1,207	-	-	1,207	-	1,207
Acquisition of additional interest in a subsidiary	-	-	(12)	-	-	-	-	-	(12)	(248)	(260)
Dividend paid	-	-	-	-	-	-	-	(788)	(788)	(184)	(972)
At 30 June 2016 (unaudited)	122,174	98,065	(6)	(113,490)	69	1,564	(3,218)	217,734	322,892	11,463	334,355



CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2018 AND 1Q FY2017 (CONTINUED)

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 asset value of the subsidiaries of the Group, upon completion of the group reorganisation on 26 September 2016; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received arising from changes in the Group's ownership interests in existing subsidiaries that do not result in the loss of control and they are accounted for as equity transactions.*
- (iii) *Amounts represent the employee benefits borne by the Company's holding company, Kinley-Hecico Holdings Limited ("KHHL").*
- (iv) *On 26 June 2017, the Group has acquired 8.1% equity interest in Japan Special Situation Investment Limited from a non-controlling shareholder. Details of this acquisition are set out in an announcement dated 26 June 2017.*



1. GENERAL

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

The Company is engaged in investment holding and the Company's subsidiaries are mainly engaged in the provision of corporate finance services and property investment. Its subsidiaries invest in Japan properties by entering into Japanese tokumei kumiai arrangements ("**TK Agreements**") as a tokumei kumiai investor ("**TK Investor**") with Japanese limited liability companies known as tokumei kumiai operators ("**TK Operators**"), which are the property holding companies.

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

The consolidated financial statements of the Group for 1Q FY2018 are unaudited (the "**Unaudited Consolidated Financial Statements**"), but have been reviewed by the Audit Committee of the Company. The Unaudited Consolidated Financial Statements were approved and authorised for issue by the Directors on 8 August 2017.

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



2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The Unaudited Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in Hong Kong which includes Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules. The Unaudited Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial information for the year ended 31 March 2017 (the “**2017 Financial Information**”). The Unaudited Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2017 Financial Information except for the adoption of new or revised HKFRSs issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2017.

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

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

(i) Completion of Reorganisation

Pursuant to the reorganisation 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 the ultimate holding company, KHHL, before and after the Reorganisation. Accordingly, where relevant, the Reorganisation was accounted for using merger basis accounting with reference to Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA.

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



3. REVENUE

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

	1Q FY2018 (Unaudited) HK\$'000	1Q FY2017 (Unaudited) HK\$'000
Corporate finance services	9,491	6,620
Property investment <i>(note)</i>	7,682	6,347
	17,173	12,967

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

	1Q FY2018 (Unaudited) HK\$'000	1Q FY2017 (Unaudited) HK\$'000
Gross rental income from investment properties	7,682	6,347
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the period (included in property expenses)	(2,974)	(1,922)
Net rental income	4,708	4,425

4. SEGMENT INFORMATION

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

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

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

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

	1Q FY2018			1Q FY2017		
	Corporate finance services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Corporate finance services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
	REVENUE					
External revenue and segment revenue	9,491	7,682	17,173	6,620	6,347	12,967
RESULT						
Segment profit	3,652	3,628	7,280	2,180	3,747	5,927
Other income and expenses			(4,193)			(3,941)
Share of results of associates			(281)			(976)
Finance costs			(438)			(399)
Profit before tax			2,368			611

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



4. SEGMENT INFORMATION (CONTINUED)

Revenue from major services

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

	1Q FY2018 (Unaudited) HK\$'000	1Q FY2017 (Unaudited) HK\$'000
Sponsorship services	5,619	4,385
Financial advisory services	2,987	1,053
Compliance advisory services	885	922
Others corporate finance services	–	260
	9,491	6,620
Rental income	7,682	6,347
	17,173	12,967

5. OTHER INCOME

	1Q FY2018 (Unaudited) HK\$'000	1Q FY2017 (Unaudited) HK\$'000
Bank interest income	11	1
Net exchange gain	–	2,386
Dividend income from available-for-sale investments	14	–
Gain on disposal of fair value through profit or loss	20	–
Reversal of impairment allowances of trade receivables	–	12
Administrative fee income	705	772
Marketing service income	–	66
Sundry income	–	6
	750	3,243

6. FINANCE COSTS

	1Q FY2018 (Unaudited) HK\$'000	1Q FY2017 (Unaudited) HK\$'000
Interest on amount due to ultimate holding company	–	22
Interests on secured bank borrowings	1,128	866
	1,128	888

7. INCOME TAX EXPENSE

	1Q FY2018 (Unaudited) HK\$'000	1Q FY2017 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	226	100
Japanese Corporate Income Tax	66	26
Japanese Withholding Tax	288	465
	580	591
Deferred taxation	365	248
	945	839

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for 1Q FY2018 and 1Q FY2017.

Under the Japan Corporate Income Tax Law, Japanese Corporate Income Tax is calculated at 33.80% of the estimated assessable profits for both 1Q FY2018 and 1Q FY2017. However, regarding to the TK Arrangement, the applicable tax rate of those Japanese subsidiaries is 20.42% for 1Q FY2018 and 1Q FY2017.

Japanese Withholding Tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for 1Q FY2018 and 1Q FY2017.

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

8. PROFIT/(LOSS) FOR THE PERIOD

	1Q FY2018 (Unaudited) HK\$'000	1Q FY2017 (Unaudited) HK\$'000
Profit/(Loss) for the period has been arrived at after charging:		
Total staff cost		
– Salaries, bonus and other benefits	7,326	6,221
– Contributions to retirement benefits schemes	104	93
	7,430	6,314
Auditors' remuneration	225	56
Depreciation of property, plant and equipment	321	318
Share based payments	930	1,206
Listing expenses	–	2,870
Impairment loss on trade receivables	4	–
Net exchange loss	17	–

9. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during 1Q FY2018 (1Q FY2017: HK\$972,000)

10. EARNINGS (LOSS) PER SHARE

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

	1Q FY2018 (Unaudited) HK\$'000	1Q FY2017 (Unaudited) HK\$'000
Earnings/(Loss) for the purpose of basic earnings/(loss) per share (Profit/(Loss) for the period attributable to the owners of the Company)	1,266	(462)
	1Q FY2018 '000	1Q FY2017 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	800,000	600,000

The weighted average number of ordinary shares for the purpose of basic loss per share for 1Q FY2017 had been retrospectively adjusted for the effects of capitalisation issue as detailed in the section headed "Share capital" in the Prospectus.

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

Business Review

For 1Q FY2018, the Group recorded an unaudited revenue of approximately HK\$17.2 million, representing an increase of approximately 32.4% compared to 1Q FY2017, underpinned by revenue increases of both corporate finance services and property investment. Corporate finance services contributed approximately 55.3% of the Group's revenue in 1Q FY2018, while the remaining portion of revenue was derived from property investment of the Group.

Corporate finance

Revenue from corporate finance services of the Group for 1Q FY2018 increased by approximately 43.4% as compared to 1Q FY2017. This was mainly attributable to (i) the increase in revenue generated from financial advisory services; and (ii) the increase in revenue generated from sponsorship engagements due to achievement of more billing milestones such as submission of listing application and successful listing in 1Q FY2018. In respect of the revenue from major services under corporate finance, revenue of financial advisory services increased from approximately HK\$1.1 million in 1Q FY2017 to approximately HK\$3.0 million in 1Q FY2018 and revenue of sponsorship services also increased from approximately HK\$4.4 million to approximately HK\$5.6 million over the same period. However, such increase in 1Q FY2018 was partially offset by lower revenue generated from compliance advisory services and other corporate finance services during the same period.

Property investment

During 1Q FY2018, the Group's property investment portfolio had increased to 20 buildings in Japan (1Q FY2017: 14) and one commercial unit in Hong Kong (the "**Property(ies)**"). Please refer to details relating to the acquisitions in Kumamoto, Japan (the "**New Properties**") as disclosed in the Company's announcement and circular dated 23 March 2017 and 27 April 2017 respectively.

The occupancy rate for the Property in Hong Kong was approximately 71.2% during 1Q FY2018 as the office unit located at Duddell Street, Central was vacant for a short period from 1 to 25 June 2017 due to a change of tenant. Such Property was subsequently leased to an independent third party. For the Properties in Japan (excluding the six new Properties), the occupancy rate during 1Q FY2018 was approximately 95.3% which remained stable as compared to approximately 94.9% in 1Q FY2017. With the inclusion of the six new Properties, the occupancy rate for the portfolio of Properties in Japan during the period under reviewed would have been lowered to approximately 91.9%. Given that one of the new Properties, which provides nursing home and support services, only commenced operation in March 2017, a small number of units were leased out during 1Q FY2018 which lowered the overall occupancy rate during the period under reviewed. Its occupancy rate has progressively increased over time.



Revenue from property investment increased by approximately 21.0% in 1Q FY2018 to approximately HK\$7.7 million (1Q FY2017: approximately HK\$6.3 million). The increase in revenue was mainly due to the rental income generated from those Properties acquired during the year ended 31 March 2017 and the New Properties. In particular, as the Group had increased its interest in Japan Special Situation Investment Limited (“JSSI”), the holding company of Rakuyukan 36, from approximately 21.6% to approximately 86.5% in November 2016, JSSI had become a non wholly-owned subsidiary of the Group. Therefore, the revenue of JSSI was consolidated to the revenue of the Group during 1Q FY2018.

Net profit/(loss) for the period

The Group recorded a net profit of approximately HK\$1.4 million in 1Q FY2018 as compared with a net loss of approximately HK\$0.2 million in 1Q FY2017. The increase in the Group’s profitability during the period was mainly attributable to the increase in the Group’s overall revenue to approximately HK\$17.2 million (1Q FY2017: HK\$13.0 million) as mentioned above. The Group’s profitability in 1Q FY2018 was also augmented by a reduction in the share of losses of associates of approximately HK\$0.3 million in 1Q FY2018 compared with the share of losses of associates of approximately HK\$1.0 million in 1Q FY2017.

The abovementioned increases during the period under reviewed were partially offset by (i) the increase in property expenses from approximately HK\$1.9 million during 1Q FY2017 to approximately HK\$3.0 million during 1Q FY2018 due to, among others, higher repair and maintenance cost; (ii) the increase in Directors’ remuneration and staff costs of approximately HK\$1.1 million during 1Q FY2018 when compared to 1Q FY2017; and (iii) the increase in post listing compliance related expenses. As discretionary bonuses will normally be distributed to the Group’s Directors and staff in the first quarter of a financial year, the Directors’ remuneration and staff costs for the first quarter of a financial year may be relatively higher as compared to the remaining quarters for the rest of the financial year.

Other comprehensive income for the period

Other comprehensive income decreased from approximately HK\$24.0 million in 1Q FY2017 to approximately HK\$1.0 million in 1Q FY2018. This was mainly attributable to the exchange differences arising on translation of foreign operations and share of translation reserve of associates, which were due to the fluctuation in the value of JPY against HK\$ as disclosed in the section headed “Risk factors” of the Prospectus.



Listing and use of proceeds

The shares of the Company were successfully listed on GEM on 17 October 2016 (the “**Listing**”). As part of the Listing arrangement 200,000,000 new shares of the Company were placed at the placing price of HK\$0.425 per share, raising gross proceeds of HK\$85.0 million (“**Placing**”). Net proceeds from the Placing amounted to HK\$67.0 million (excluding fees of HK\$2.0 million paid to Altus Capital Limited as one of the joint sponsors of the Company in connection with the Listing), which has been/will be deployed as to:

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

As at 30 June 2017, the net proceeds had been utilised as follows:

	Net proceeds allocated	Amount utilised as at 30 June 2017	Balance
	HK\$ million	HK\$ million	HK\$ million
Repayment of debts	47.0	47.0	0
Expansion of corporate finance service			
– underwriting	10.0	0	10.0
Enhancement of human resources	4.0	4.0	0
General working capital	6.0	6.0	0
Total	67.0	57.0	10.0

As at 30 June 2017, unutilised proceeds of approximately HK\$10.0 million were deposited in a licensed bank in Hong Kong.

Reasons for the change of use of net proceeds

With the changing environment of offering mechanisms and consequential changes to the work expected for underwriters and placing agents in underwriting and placing activities for initial public offerings, the Directors decided to remain focus on sponsorship and financial advisory services, and not to expand into the underwriting business; and intended to deploy such unutilised proceeds of approximately HK\$10.0 million for the repayment of debt.



Outlook

The Directors expect the Group's property investment business to remain stable and continue to contribute to its revenue with enhanced recurring rental income stream. The Group intends to expand and diversify its property investment portfolio in line with its investment strategies as stated in the Prospectus and its annual report for the year ended 31 March 2017 ("**FY2017 Annual Report**") when appropriate investment opportunities arise. Having completed several acquisitions recently, the Directors may slow down the pace of acquisition to stabilise the portfolio composition.

With regards to the Group's corporate finance services, the Directors have confidence in the Group's ability to continuously adhere and adopt to the general tightening of the regulatory environment. Given that the demand for corporate finance services is expected to continue to grow in line with the growth of the market, the Directors intend to enhance the Group's human resources to cater to such demand. In addition, the Directors intend to balance the Group's revenue source between sponsorship services and financial advisory services taking into account staff resources, complexity of deals and recurring nature of clients.

There have been no material changes to the Group's business and operating environment since 30 June 2017.

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

As at 30 June 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 Securities and Future Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Interest or short positions in the shares of the Company:

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

Notes:

- (1) KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Ip are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL.
- (2) Pursuant to the Option Deeds entered into between KHHL and each of Mr. Chang and Ms. Leung, KHHL granted call options to Mr. Chang and Ms. Leung, entitling them to purchase from KHHL up to 24,900,000 and 12,900,000 Option Shares (as defined in the Prospectus), representing approximately 3.1% and 1.6% of the issued share capital of the Company (without taking into account of any shares which may be issued pursuant to the exercise of any options which may be granted under the share option scheme), at the exercise price of HK\$0.00004 per Option Share (subject to adjustment).
- (3) The letters “L” and “S” denote a long position and a short position in the shares of the Company respectively.

Interests in associated corporations of the Company:

Name	Name of associated corporation	Nature of interest	Interests in shares ^(Note 1)	Approximate percentage shareholding (%)
Mr. Ip	KHHL ^(Note 2)	Beneficiary of a trust	204 (L)	80.0
	I Corporation ^(Note 3)	Interest of spouse	14 (L)	20.0
Ms. Leung	Residence 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 Shuk Yee, Samantha (“Ms. Ho”), is deemed to be interested in the shares of I Corporation held by Ms. Ho.

Save as disclosed above, as at 30 June 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 IQ FY2018 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 30 June 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 of any shares which may be issued pursuant to the exercise of any options which may be granted under the share option scheme), at the exercise price of HK\$0.00004 per Option Share (subject to adjustment).*
- (4) *Pursuant to the SFO, Ms. Ho, the spouse of Mr. Ip, is deemed to be interested in all the shares of the Company in which Mr. Ip is deemed to be interested in.*

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

Name of shareholder	Name of member of our Group	Nature of interest	Number of shares^(Note)	Percentage of shareholding (%)
Ms. Ho	I Corporation	Beneficial owner	14 (L)	20.0

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 30 June 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.



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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during 1Q FY2018 and neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercise any conversion or subscription rights under any convertible securities, options, warrants or similar rights during 1Q FY2018.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) by shareholder resolution passed on 26 September 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. No share option has been granted by the Company since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 June 2017.

CORPORATE GOVERNANCE

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

The Board has reviewed the Group’s corporate governance practices and is satisfied that the Group has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rule during 1Q FY2018.

COMPETING INTERESTS

Saved as disclosed at Prospectus, as at 30 June 2017, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

On 26 June 2017, the Group entered into 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 SFO, should be maintained at not less than 60%.



INTEREST OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the Corporate Governance Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Chan Sun Kwong. The other members are Mr. Chao Tien Yo and Mr. Lee Shu Yin respectively. The primary duty of the Audit Committee is to review and supervise the Company’s financial reporting process, the risk management and internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to C.3.3 of the Code on Corporate Governance Practices, the Audit Committee has reviewed the unaudited consolidated results of the Group for 1Q FY2018 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

BOARD OF DIRECTORS

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

Executive Directors:

Mr. Arnold Ip Tin Chee

Mr. Chang Sean Pey

Ms. Leung Churk Yin Jeanny

Independent Non-executive Directors:

Mr. Chao Tien Yo

Mr. Chan Sun Kwong

Mr. Lee Shu Yin

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

Hong Kong, 8 August 2017

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