

# ALTUS .

**Altus Holdings Limited**

*incorporated in the Cayman Islands with limited liability*

*Stock Code : 8149*



THIRD QUARTERLY REPORT FY2018



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## FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (the “**Group**”) recorded an unaudited revenue of HK\$52.3 million for the nine months ended 31 December 2017 (“**YTD Dec 2017**”), representing a significant increase of approximately 46.1% when compared with HK\$35.8 million recorded for the nine months ended 31 December 2016 (“**YTD Dec 2016**”).

- The Group recorded a net profit of HK\$9.2 million in YTD Dec 2017 compared with a net loss of HK\$10.0 million in YTD Dec 2016.

Based on the Group’s unaudited financial information for YTD Dec 2017 and YTD Dec 2016, the improvement in profitability in YTD Dec 2017 was principally due to the combined effects of (i) the increase in revenue from both corporate finance services and property investment; and (ii) the absence of listing expenses during YTD Dec 2017, where listing expense of approximately HK\$12.2 million was incurred during YTD Dec 2016.

- The basic and diluted earnings per share in YTD Dec 2017 was HK1.10 cents and the basic and diluted loss per share in YTD Dec 2016 was HK1.55 cents.
- The Directors do not recommend the payment of any interim dividend for 3Q FY2018 (as defined below).

## UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 December 2017 (“3Q FY2018”) and YTD Dec 2017, together with the comparative unaudited figures for the three months ended 31 December 2016 (“3Q FY2017”) and YTD Dec 2016, as follows:

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YTD DEC 2017 AND YTD DEC 2016

	Notes	3Q FY2018 (Unaudited) HK\$'000	3Q FY2017 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000
Revenue	3	21,011	12,602	52,307	35,804
Other income	5	277	2,860	1,723	4,822
Net increase in fair value of investment properties		–	–	–	1,081
Changes in fair value of derivative financial liabilities		37	108	(374)	177
Property expenses		(2,582)	(1,983)	(8,198)	(5,952)
Administrative and operating expenses		(9,115)	(15,361)	(28,305)	(38,768)
Share of results of associates		(165)	(19)	522	(1,606)
Finance costs	6	(1,481)	(832)	(3,940)	(2,671)
Profit/(Loss) before tax		7,982	(2,625)	12,691	(7,113)
Income tax expense	7	(1,830)	(973)	(3,480)	(2,917)
Profit/(Loss) for the period	8	6,152	(3,598)	9,211	(10,030)
<b>Other comprehensive (expense)/income for the period</b>					
Change in fair value of available-for-sale investments		(17)	(36)	(75)	179
Loss on derecognition of available-for-sale investment		–	–	(28)	–
Exchange differences arising on translation of foreign operations		35	(33,103)	(256)	(8,254)
Share of translation reserve of associates		(23)	(2,308)	538	773
Other comprehensive (expense)/income for the period		(5)	(35,447)	179	(7,302)
Total comprehensive income/(expense) for the period		6,147	(39,045)	9,390	(17,332)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME FOR YTD DEC 2017 AND  
YTD DEC 2016 (CONTINUED)**

	Notes	3Q FY2018 (Unaudited) HK\$'000	3Q FY2017 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000
Profit/(Loss) for the period attributable to:					
Owners of the Company		5,874	(3,865)	8,623	(10,613)
Non-controlling interests		278	267	588	583
		<b>6,152</b>	<b>(3,598)</b>	<b>9,211</b>	<b>(10,030)</b>
Total comprehensive income/(expense) for the period attributable to:					
Owners of the Company		5,832	(38,560)	8,785	(17,870)
Non-controlling interests		315	(485)	605	538
		<b>6,147</b>	<b>(39,045)</b>	<b>9,390</b>	<b>(17,332)</b>
		<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>
Earnings/(Loss) per share					
– Basic and diluted	10	0.73	(0.51)	1.10	(1.55)

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR YTD DEC 2017

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Special reserve HK\$'000	Investment revaluation reserve HK\$'000	Shareholder contribution HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2017 (audited)	8,000	71,288	98,747	-	424	5,289	(22,034)	228,332	390,046	8,673	398,719
Profit for the period	-	-	-	-	-	-	-	8,623	8,623	588	9,211
Other comprehensive (expense)/ income for the period:											
Change in fair value of available-for-sale investments	-	-	-	-	(75)	-	-	-	(75)	-	(75)
Derecognition of available-for-sale investments	-	-	-	-	(28)	-	-	-	(28)	-	(28)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(273)	-	(273)	17	(256)
Share of translation reserves of associates	-	-	-	-	-	-	538	-	538	-	538
	-	-	-	-	(103)	-	265	-	162	17	179
Total comprehensive (expense)/ income for the period	-	-	-	-	(103)	-	265	8,623	8,785	605	9,390
Contribution from shareholder	-	-	-	-	-	2,789	-	-	2,789	-	2,789
Acquisition of addition interest in a subsidiary	-	-	85	-	-	-	-	-	85	(1,427)	(1,342)
Disposal of interest in a subsidiary	-	-	(20)	-	-	-	-	-	(20)	5,479	5,459
Dividends paid (note 9)	-	-	-	-	-	-	-	(3,200)	(3,200)	(131)	(3,331)
At 31 December 2017 (unaudited)	8,000	71,288	98,812	-	321	8,078	(21,769)	233,755	398,485	13,199	411,684

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR YTD DEC 2016

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Special reserve HK\$'000	Investment		Shareholder contribution HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Non-controlling interests	
					Share revaluation reserve HK\$'000	Shareholder contribution HK\$'000				Total HK\$'000	Total HK\$'000
At 1 April 2016 (audited)	50,195	98,065	6	(41,511)	-	357	(26,584)	218,984	299,512	11,055	310,567
(Loss)/Profit for the period	-	-	-	-	-	-	-	(10,613)	(10,613)	583	(10,030)
Other comprehensive income/ (expense) for the period:											
Change in fair value of available-for-sale investments	-	-	-	-	179	-	-	-	179	-	179
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(8,209)	-	(8,209)	(45)	(8,254)
Share of translation reserves of associates	-	-	-	-	-	-	773	-	773	-	773
	-	-	-	-	179	-	(7,436)	-	(7,257)	(45)	(7,302)
Total comprehensive income/ (expense) for the period	-	-	-	-	179	-	(7,436)	(10,613)	(17,870)	538	(17,332)
Issue of shares to ultimate holding company (note (i))	98,983	-	-	(71,979)	-	-	-	-	27,004	-	27,004
Capitalisation issue (note (iii))	6,000	(6,000)	-	-	-	-	-	-	-	-	-
Issuance of new shares by way of placing (note (ii))	2,000	83,000	-	-	-	-	-	-	85,000	-	85,000
Transaction costs attributable to issue of new shares	-	(4,772)	-	-	-	-	-	-	(4,772)	-	(4,772)
Contribution from shareholder	-	-	-	-	-	3,701	-	-	3,701	-	3,701
Acquisition of addition interest in a subsidiary	-	-	(12)	-	-	-	-	-	(12)	1,263	1,251
Arising from Reorganisation (note (iii))	(149,178)	-	149,178	-	-	-	-	-	-	-	-
Dividends paid (note (v))	-	-	-	-	-	-	-	(38,008)	(38,008)	(4,349)	(42,357)
At 31 December 2016 (unaudited)	8,000	170,293	149,172	(113,490)	179	4,058	(34,020)	170,363	354,555	8,507	363,062



## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR YTD DEC 2016 (CONTINUED)

*Notes:*

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

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

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

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





## 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 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange 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 ultimate holding company is KHHL, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability and KHHL is ultimately controlled by two parties, Chan Kit Lai, Cecilia ("**Ms. Chan**") and The General Trust Company S.A., (the "**Trustee**") the beneficiaries of which are Arnold Ip Tin Chee ("**Mr. Ip**") and Lam Ip Tin Wai Chyvette ("**Ms. Ip**").

The condensed consolidated financial statements of the Group for YTD Dec 2017 (the "**Unaudited Consolidated Financial Statements**") are unaudited, but have been reviewed by the Audit Committee of the Company. The Unaudited Consolidated Financial Statements were approved and authorised for issue by the Directors on 8 February 2018.

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

## 2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The Unaudited Consolidated Financial Statements are prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules. The Unaudited Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial information for the year ended 31 March 2017 (the "**2017 Financial Information**") which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. 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.



## 2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (CONTINUED)

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 (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 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 December 2017. The Group, comprising the Company and its subsidiaries resulting from the Reorganisation, is regarded as a continuing entity. Accordingly, the Unaudited 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 YTD Dec 2017, by using the principles of merger 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.

### (ii) Adoption of New or Revised HKFRSs

#### *Adoption of new or revised HKFRSs effective on 1 April 2017*

In YTD Dec 2017, the Group has applied, for the first time, the following new amendment to HKFRSs issued by the HKICPA.

Amendment to HKAS 7	Disclosure Initiative (amendments) <sup>1</sup>
Amendment to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (amendments) <sup>1</sup>
Amendments to HKFRS 12	As part of the annual improvements to HKFRSs 2014-2016 Cycles <sup>1</sup>

<sup>1</sup> *Effective for the annual period beginning on after 1 January 2017.*

The application of the above new or revised standards, amendments and interpretations in YTD Dec 2017 has had no material effect on the amounts reported in these Unaudited Consolidated Financial Statements and/or disclosures set out in these Unaudited Consolidated Financial Statements.

### 3. REVENUE

Revenue represents revenue derived from service rendered and leasing of investment properties during the period as follows:

	<b>3Q FY2018</b> <b>(Unaudited)</b> <b>HK\$'000</b>	3Q FY2017 <b>(Unaudited)</b> <b>HK\$'000</b>	<b>YTD</b> <b>Dec 2017</b> <b>(Unaudited)</b> <b>HK\$'000</b>	YTD Dec 2016 <b>(Unaudited)</b> <b>HK\$'000</b>
Corporate finance services	12,007	6,506	27,208	17,020
Property investment <i>(Note)</i>	9,004	6,096	25,099	18,784
	<b>21,011</b>	12,602	<b>52,307</b>	35,804

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

	<b>3Q FY2018</b> <b>(Unaudited)</b> <b>HK\$'000</b>	3Q FY2017 <b>(Unaudited)</b> <b>HK\$'000</b>	<b>YTD</b> <b>Dec 2017</b> <b>(Unaudited)</b> <b>HK\$'000</b>	YTD Dec 2016 <b>(Unaudited)</b> <b>HK\$'000</b>
Gross rental income from investment properties	9,004	6,096	25,099	18,784
Less:				
Direct operating expenses incurred for investment properties that generated rental income during the period (included in property expenses)	<b>(2,582)</b>	(1,983)	<b>(8,198)</b>	(5,952)
Net rental income	<b>6,422</b>	4,113	<b>16,901</b>	12,832

#### 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; and
- (ii) Property investment – leasing of investment properties for residential and commercial use.

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

	3Q FY2018			3Q 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
<b>REVENUE</b>						
External revenue and segment revenue	12,007	9,004	21,011	6,506	6,096	12,602
<b>RESULT</b>						
Segment profit <i>(Note)</i>	7,208	5,239	12,447	2,258	3,397	5,655
Other expenses			(3,661)			(7,930)
Share of results of associates			(165)			(19)
Finance costs			(639)			(331)
Profit/(Loss) before tax			7,982			(2,625)

*Note: No net increase in fair value on investment properties has been included in the segment profit of the property investment segment during 3Q FY2018 and 3Q FY2017.*

#### 4. SEGMENT INFORMATION (CONTINUED)

	YTD Dec 2017			YTD Dec 2016		
	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
	<b>REVENUE</b>					
External revenue and segment revenue	27,208	25,099	52,307	17,020	18,784	35,804
<b>RESULT</b>						
Segment profit <i>(Note)</i>	13,216	13,548	26,764	5,721	11,704	17,425
Other expenses			(11,875)			(21,767)
Share of results of associates			(522)			(1,606)
Finance costs			(1,676)			(1,165)
Profit/(Loss) before tax			12,691			(7,113)

*Note: No net increase in fair value on investment properties has been included in the segment profit of the property investment segment during YTD Dec 2017 (YTD Dec 2016: HK\$1,081,000).*

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.

##### Revenue from major services

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

	3Q FY2018 (Unaudited) HK\$'000	3Q FY2017 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000
Sponsorship services	8,747	2,591	18,417	8,105
Financial advisory services	2,429	2,697	6,377	5,441
Compliance advisory services	722	1,081	2,294	2,960
Others corporate finance services	109	137	120	514
	12,007	6,506	27,208	17,020
Rental income	9,004	6,096	25,099	18,784
	21,011	12,602	52,307	35,804

## 5. OTHER INCOME

	3Q FY2018 (Unaudited) HK\$'000	3Q FY2017 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000
Bank interest income	1	2	28	5
Dividend income from available-for-sale investments	–	269	265	538
Loss on disposal of available-for-sale investment	–	–	(182)	–
Unrealised fair value change in fair value through profit or loss investment	30	–	(9)	–
Gain on acquisition of additional interest in a subsidiary (Note)	–	1,475	–	1,475
Reversal of impairment allowances of trade receivables	–	1	–	10
Administrative fee income	246	831	1,601	2,434
Gain on disposal of fair value through profit or loss	–	–	20	–
Marketing service income	–	–	–	66
Sundry income	–	282	–	294
	277	2,860	1,723	4,822

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

## 6. FINANCE COSTS

	3Q FY2018 (Unaudited) HK\$'000	3Q FY2017 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000
Interests on amount due to ultimate holding company	–	–	–	22
Interests on secured bank borrowings	1,481	832	3,940	2,649
	1,481	832	3,940	2,671

## 7. INCOME TAX EXPENSE

	<b>3Q FY2018</b> (Unaudited) HK\$'000	3Q FY2017 (Unaudited) HK\$'000	<b>YTD</b> Dec 2017 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax – Current year	852	455	986	830
Japanese corporate income tax	36	32	191	69
Japanese withholding tax	603	340	1,378	1,139
	<b>1,491</b>	827	<b>2,555</b>	2,038
Deferred taxation	339	146	925	879
	<b>1,830</b>	973	<b>3,480</b>	2,917

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for YTD Dec 2017 and YTD Dec 2016.

Under the Japan Corporate Income Tax Law, Japanese corporate income tax was calculated at 33.8% and 35.64% of the estimated assessable profits for YTD Dec 2017 and YTD Dec 2016 respectively. Meanwhile, with regard to the TK Arrangement, the applicable Japanese withholding tax rate of those Japanese subsidiaries was calculated at 20.42% for YTD Dec 2017 and YTD Dec 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.

## 8. PROFIT/(LOSS) FOR THE PERIOD

	3Q FY2018 (Unaudited) HK\$'000	3Q FY2017 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000
Profit/(Loss) for the period has been arrived at after charging staff cost excluding directors' emoluments:				
– Salaries, bonus and other benefits	2,604	2,649	9,035	7,909
– Contributions to retirement benefits schemes	110	82	293	241
<b>Total staff costs, excluding directors' emoluments</b>	<b>2,714</b>	<b>2,731</b>	<b>9,328</b>	<b>8,150</b>
Auditors' remuneration	225	450	675	578
Depreciation of property, plant and equipment	329	324	977	969
Loss on disposal of an associate ( <i>Note</i> )	–	1,274	–	1,274
Share based payments	929	1,231	2,789	3,701
Listing expenses	–	1,312	–	12,191
Reversal of impairment loss on trade receivable	–	–	3	–
Exchange loss	5	4,384	360	1,969

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



## 9. DIVIDENDS

	YTD Dec 2017 (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000
Dividends recognised as distribution to equity shareholders/ultimate holding company during the period by:		
<u>The Company (Note)</u>		
2018 interim, paid – HK0.2 cent per share	1,600	–
2017 final, paid – HK0.2 cent per share	1,600	–
2016 interim, paid – HK\$35,000,000 per share	–	35,000
<u>Altus Investment</u>		
2016 first interim, paid – HK\$0.11 per share	–	530
2016 second interim, paid – HK\$0.44 per share	–	2,220
<u>Residence Motoki Investment Limited (“Residence”)</u>		
2016 first interim, paid – JPY1,543 per share (equivalent to HK\$111 per share)	–	333
2016 second interim, paid – JPY2,283 per share (equivalent to HK\$172 per share)	–	110
2016 third interim, paid – JPY38,200 per share (equivalent to HK\$2,823 per share)	–	1,804
<u>Smart Tact Property Investment Limited (“Smart Tact”)</u>		
2017 interim, paid – JPY565 per share (equivalent to HK\$40 per share)	45	–
2016 first interim, paid – JPY868 per share (equivalent to HK\$61 per share)	–	82
<u>I Corporation</u>		
2017 interim, paid – JPY60,414 per share (equivalent to HK\$4,283 per share)	60	–
2016 first interim, paid – JPY40,418 per share (equivalent to HK\$2,946 per share)	–	41
2016 second interim, paid – JPY2,278,511 per share (equivalent to HK\$156,306 per share)	–	2,188
<u>EXE Rise Shimodori Investor Limited (“EXE”)</u>		
2017 interim, paid – JPY36,981 per share (equivalent to HK\$2,599 per share)	26	–
2016 interim, paid – JPY66,691 per share (equivalent to HK\$4,928 per share)	–	49
	<b>3,331</b>	<b>42,357</b>

Note: The Directors do not recommend the payment of any interim dividend for 3Q FY2018.

## 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:

	<b>3Q FY2018</b> (Unaudited) HK\$'000	3Q FY2017 (Unaudited) HK\$'000	<b>YTD</b> <b>Dec 2017</b> (Unaudited) HK\$'000	YTD Dec 2016 (Unaudited) HK\$'000
Earnings/(Loss) for the period attributable to owners of the Company for the purpose of basic earnings/(loss) per share	<b>5,874</b>	(3,865)	<b>8,623</b>	(10,613)
	<b>31 December</b> <b>2017</b> <b>'000</b>	31 December 2016 <i>(Note)</i> '000	<b>31 December</b> <b>2017</b> <b>'000</b>	31 December 2016 <i>(Note)</i> '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<b>800,000</b>	765,217	<b>800,000</b>	682,609

*Note: The weighted average number of ordinary shares for the purpose of basic loss per share for 3Q FY2017 and YTD Dec 2016 have been adjusted for the effects of capitalisation issue as detailed in section headed "Share capital" in the Prospectus.*

Diluted earnings/(loss) per share are same as basic earnings/(loss) per share as there were no dilutive potential ordinary shares 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 3Q FY2018, the Group recorded revenue of approximately HK\$21.0 million, representing an increase of approximately 66.7% compared to 3Q FY2017. Corporate finance activities contributed approximately 57.1% of the Group's revenue in 3Q FY2018, while the remaining portion of revenue was derived from property investment activities of the Group. Overall, corporate finance services recorded a higher revenue growth compared with property investment activities.

### ***Corporate finance***

Revenue from corporate finance services of the Group in 3Q FY2018 and 3Q FY2017 amounted to approximately HK\$12.0 million and HK\$6.5 million respectively. Overall revenue from corporate finance services increased significantly mainly due to increases in revenue derived from sponsorship services. Its percentage of contribution for revenue from corporate finance services in 3Q FY2018 was higher at approximately 72.8% compared to approximately 39.8% in 3Q FY2017.

The increase in revenue derived from sponsorship services in 3Q FY2018 was mainly due to the increase in milestone payment received by the Group. The revenue from financial advisory services remained stable compared to the same period in previous financial year, while the revenue from compliance advisory services decreased slightly from HK\$1.1 million to HK\$0.7 million during 3Q FY2018 compared to 3Q FY2017. The Group's corporate finance activities are engaged on a project-by-project basis with relevant terms and conditions, including payment milestones, negotiated case-by-case. As such, the number of ongoing projects and achievement of payment milestone may vary from quarter to quarter, which may lead to revenue fluctuations in the revenue of Group's corporate finance business.

### ***Property investment***

During 3Q FY2018, the Group's property investment portfolio had increased to 21 buildings and a piece of freehold land in Japan (3Q FY2017: 16 buildings and a piece of freehold land) and one commercial unit in Hong Kong ("**Property(ies)**"). Details relating to the property acquisitions in Kagoshima, Japan ("**New Properties**") were disclosed in the Company's announcements dated 31 July and 29 August 2017.

The Property in Hong Kong was fully occupied during this period, while the occupancy rate for the portfolio in Japan (excluding the New Properties) remained stable at 95.7% (3Q FY2017: 94.5%).

Compared with 3Q FY2017, revenue from property investment activities increased by approximately 47.7% in 3Q FY2018 to approximately HK\$9.0 million. The increase in revenue from property investment was mainly contributed by the increased rental revenue derived from the increase number of investment properties held.



### *Net profit/(loss) for the period*

The Group recorded a net profit of approximately HK\$6.2 million in 3Q FY2018 as compared with a net loss of approximately HK\$3.6 million in 3Q FY2017. The increase in the Group's profitability during the period was mainly attributable to (i) the significant increase in income derived from corporate finance services due to the increase in milestone payments received by the Group as mentioned above; and (ii) the lower administrative and operating expenses of approximately HK\$9.1 million incurred in 3Q FY2018 compared with approximately HK\$15.4 million recorded in 3Q FY2017. The lower administrative and operating expenses incurred in 3Q FY2018 was mainly attributable to (i) the significant decrease in the amount of exchange loss of approximately HK\$5,000 incurred in this period compared with approximately HK\$4.4 million of exchange loss incurred in 3Q FY2017; (ii) the absence of any listing expenses incurred in 3Q FY2018 compared with approximately HK\$1.3 million incurred in 3Q FY2017; and (iii) no loss on disposal of associate incurred in 3Q FY2018 compared with approximately HK\$1.3 million loss incurred in 3Q FY2017.

## **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. Having completed several acquisitions recently, the Directors will continue to enhance the portfolio composition when the right opportunities arise while closely monitoring the developments in the political and financial markets which may influence the property markets in Japan and Hong Kong.

With regard to the Group's corporate finance services, the Directors have confidence in the Group's ability to continuously adhere and adapt to the changing regulatory environment, with the introduction of the new Listing Rules requirements on the Main Board and GEM. In particular, the Group will continue to monitor and assess their potential impact on sponsorship activities. The Directors will continue to enhance the Group's human resources to cater to market demand for corporate finance services, and 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 31 December 2017.

## **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, 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 fully utilised on repayment of debts, enhancement of human resources, working capital and other general corporate purposes of the Group.

### **Reasons for the change of use of net proceeds**

As explained in the first quarterly report of the Company for the three months ended 30 June 2017, 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. The remaining proceeds of approximately HK\$10.0 million has already been used for the repayment of debt in November 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 31 December 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 <sup>(Note 3)</sup>	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 (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.

## Interests in associated corporations of the Company:

Name	Name of associated corporation	Nature of interest	Interests in shares <sup>(Note 1)</sup>	Approximate percentage shareholding (%)
Mr. Ip	KHHL <sup>(Note 2)</sup>	Beneficiary of a trust	204 (L)	80.00
	I Corporation <sup>(Note 3)</sup>	Interest of spouse	14 (L)	20.00
Ms. Leung	Residence	Beneficial owner	10 (L)	0.33
Mr. Chang	Residence	Beneficial owner	5 (L)	0.17

Notes:

- (1) The letter "L" denotes a long position in the shares of the Company.
- (2) KHHL is a company which is owned as to 20.0% by Ms. Chan and as to 80.0% by The Trustee on behalf of The Hecico 1985 Trust, of which Mr. Ip is one of the beneficiaries. By virtue of the SFO, Mr. Ip is deemed to be interested in the shares of KHHL held by the Trustee.
- (3) Pursuant to the SFO, Mr. Ip, the spouse of Ms. Ho Shuk Yee, Samantha ("Ms. Ho"), is deemed to be interested in the shares of I Corporation held by Ms. Ho.

Save as disclosed above, as at 31 December 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 YTD Dec 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 December 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 <sup>(Note 1)</sup>	Approximate percentage of the total issued share capital of the Company (%)
KHHL <sup>(Note 2)</sup>	Beneficial owner	600,000,000 (L)	75.0
		37,800,000 (S) <sup>(Note 3)</sup>	4.7
The Trustee	Trustee	600,000,000 (L)	75.0
		37,800,000 (S) <sup>(Note 3)</sup>	4.7
Ms. Chan <sup>(Note 2)</sup>	Founder of a discretionary trust	600,000,000 (L)	75.0
		37,800,000 (S) <sup>(Note 3)</sup>	4.7
Mr. Ip <sup>(Note 2)</sup>	Beneficiary of a trust	600,000,000 (L)	75.0
		37,800,000 (S) <sup>(Note 3)</sup>	4.7
Ms. Ip <sup>(Note 2)</sup>	Beneficiary of a trust	600,000,000 (L)	75.0
		37,800,000 (S) <sup>(Note 3)</sup>	4.7
Ms. Ho <sup>(Note 4)</sup>	Interest of spouse	600,000,000 (L)	75.0
		37,800,000 (S) <sup>(Note 3)</sup>	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**

<b>Name of shareholder</b>	<b>Name of member of our Group</b>	<b>Nature of interest</b>	<b>Number of shares<sup>(Note)</sup></b>	<b>Percentage of shareholding (%)</b>
Ms. Ho	I Corporation	Beneficial owner	14 (L)	20.0
Mr. Henry Shih	Smart Tact	Beneficial owner	922 (L)	10.0
	Residence	Beneficial owner	300 (L)	10.0
	Lynton Gate Limited	Beneficial owner	1 (L)	10.0
Mr. Richard Lo	Residence	Interest in controlled corporations	300 (L)	10.0
	EXE	Beneficial owner	10 (L)	10.0

*Note: The letter "L" denotes a long position in the shares.*

Save as disclosed above, the Directors and chief executives of the Company are not aware that there is any party who, as at 31 December 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.

## **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 quarterly report, the Company has maintained the public float as required under GEM Listing Rules during the period.

## **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 shares of the Company from the date of listing on 17 October 2016 up to now.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2017, the Group had 34 staff (31 December 2016: 25) 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 our Group and are made with reference to those paid by comparable companies. Our employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, our Group's performance as a whole and comparable market levels. Apart from salary payment, other staff benefits include provident fund contribution, medical insurance coverage, other allowances and benefits.





## 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. During YTD Dec 2017, no share option was granted by the Company and there was no share option outstanding under the share option scheme as at 31 December 2017.

## CORPORATE GOVERNANCE

Pursuant to the Rules 17.22, and 17.24 of the GEM Listing Rules, the Company has complied with and does not have advances to any entity nor advances to affiliated companies. In addition, pursuant to the Rule 17.23 of the GEM Listing Rules, our major shareholders have not pledged of the shares of the Company.

The Board has reviewed the Group’s corporate governance practices and is satisfied that the Company 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 YTD Dec 2017.

## DIRECTORS’ SECURITIES TRANSACTIONS

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

Having made specific enquiries of all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings throughout the period from the Listing Date to the date of this report. The Company has not been notified by Directors of any incident of non-compliance during such period.

## COMPETING INTERESTS

During YTD Dec 2017, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had 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 (“**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 investment (and including up to HK\$8,000,000 for working capital purposes). The availability of the loan facility under the Facility Letter is subject to, among other things, the Lender’s periodic review and the Lender’s overriding right of repayment on demand, including the right to call for cash cover on demand for prospective and contingent liabilities.

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 requirement under GEM Listing Rules and SFO, should be maintained at not less than 60.0%.

## **INTEREST OF THE COMPLIANCE ADVISER**

As at the date of this report, Success New Spring Capital Limited (“**SNS**”) (formerly known as New Spring Capital Limited), the compliance adviser of the Company, has confirmed that except for (i) SNS participation as the joint sponsor in relation to the Company’s Listing, and (ii) the compliance adviser agreement entered into between the Company and SNS dated 8 April 2016, neither SNS nor its directors, employees or 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, 5.29 and 5.33 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 internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to C.3.3 of the Code on Corporate Governance Practices, the Audit Committee has reviewed the unaudited condensed consolidated results of the Group for YTD Dec 2017 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 February 2018

*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>.*