

# ALTUS.

**Altus Holdings Limited**

*incorporated in the Cayman Islands with limited liability*

*Stock Code : 8149*



**FY2019  
FIRST QUARTERLY REPORT**

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*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.*



## FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (the “**Group**”) recorded an unaudited revenue of approximately HK\$15.9 million for the three months ended 30 June 2018 (“**1Q FY2019**”), representing a decrease of approximately 7.4% when compared with approximately HK\$17.2 million for the three months ended 30 June 2017 (“**1Q FY2018**”).
- The Group recorded a net loss of approximately HK\$1.4 million in 1Q FY2019 compared with a net profit of approximately HK\$1.4 million in 1Q FY2018. The net loss was principally due to lower revenue from corporate finance services as fewer billing milestones were achieved in 1Q FY2019 from ongoing projects.
- The basic and diluted loss per share in 1Q FY2019 was HK0.19 cent and the basic and diluted earnings per share in 1Q FY2018 was HK0.16 cent.
- The Directors do not recommend the payment of any interim dividend for 1Q FY2019.

## UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Group for 1Q FY2019, together with the comparative unaudited figures for 1Q FY2018, as follows:

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR 1Q FY2019 AND 1Q FY2018

	<i>Notes</i>	1Q FY2019 (Unaudited) HK\$'000	1Q FY2018 (Unaudited) HK\$'000
Revenue	3	15,908	17,173
Other income	5	60	750
Changes in fair value of derivative financial liabilities		14	11
Property expenses		(2,776)	(2,974)
Administrative and operating expenses		(12,877)	(11,183)
Share of results of associates		(4)	(281)
Finance costs	6	(1,340)	(1,128)
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(Loss)/Profit before tax		(1,015)	2,368
Income tax expense	7	(353)	(945)
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(Loss)/Profit for the period	8	(1,368)	1,423
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<b>Other comprehensive (expense)/income for the period</b>			
Change in fair value of available-for-sale investments		(43)	27
Exchange differences arising on translation of foreign operations		(15,017)	433
Share of translation reserve of associates		–	516
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Other comprehensive (expense)/income for the period		(15,060)	976
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Total comprehensive (expense)/income for the period		(16,428)	2,399
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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME FOR 1Q FY2019 AND 1Q  
FY2018 (CONTINUED)**

	<i>Notes</i>	1Q FY2019 (Unaudited) HK\$'000	1Q FY2018 (Unaudited) HK\$'000
(Loss)/Profit for the period attributable to:			
Owners of the Company		(1,545)	1,266
Non-controlling interests		177	157
		<b>(1,368)</b>	1,423
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(16,157)	2,248
Non-controlling interests		(271)	151
		<b>(16,428)</b>	2,399
		<b>HK cent</b>	<b>HK cent</b>
<b>(Loss)/Earnings per share</b>			
– Basic and diluted	<i>10</i>	<b>(0.19)</b>	0.16

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2019

	Attributable to owners of the Company									
	Share capital	Share premium (note i) HK\$'000	Other reserve (note ii) HK\$'000	Investment revaluation reserve HK\$'000	Shareholder contribution (note iii) HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	8,000	71,288	98,812	241	9,008	(1,092)	251,428	437,685	14,323	452,008
(Loss)/Profit for the period	-	-	-	-	-	-	(1,545)	(1,545)	177	(1,368)
Other comprehensive expense for the period:										
Change in fair value of available-for-sale investments	-	-	(43)	-	-	-	-	(43)	-	(43)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(14,569)	-	(14,569)	(448)	(15,017)
	-	-	-	(43)	-	(14,569)	-	(14,612)	(448)	(15,060)
Total comprehensive expense for the period	-	-	(43)	(43)	-	(14,569)	(1,545)	(16,157)	(271)	(16,428)
Contribution from shareholder	-	-	-	-	446	-	-	446	-	446
At 30 June 2018 (unaudited)	8,000	71,288	98,812	198	9,454	(15,661)	249,883	421,974	14,052	436,026

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2018

Attributable to owners of the Company

	Share capital	Share premium (note 1) HK\$'000	Other reserve (note 1) HK\$'000	Investment revaluation reserve HK\$'000	Shareholder contribution (note 1) 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	-	-	-	-	-	-	1,266	1,266	157	1,423
Other comprehensive income/(expense) for the period:										
Change in fair value of available-for-sale investments	-	-	-	27	-	-	-	27	-	27
Exchange differences arising on translation of foreign operations	-	-	-	-	-	439	-	439	(6)	433
Share of translation reserves of associates	-	-	-	-	-	516	-	516	-	516
	-	-	-	27	-	955	-	982	(6)	976
Total comprehensive income for the period	-	-	-	27	-	955	1,266	2,248	151	2,399
Contribution from shareholder	-	-	-	-	930	-	-	930	-	930
Acquisition of additional interest in a subsidiary	-	-	85	-	-	-	-	85	(1,427)	(1,342)
At 30 June 2017 (unaudited)	8,000	71,288	98,832	451	6,219	(21,079)	229,598	393,309	7,397	400,706

Notes:

- (i) Share premium represents the difference between the shareholders' contribution and the issued capital and it is distributable.
- (ii) Other reserve mainly includes (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 ultimate holding company, Kinley-Hecico Holdings Limited ("KHHL").

## 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 with Japanese limited liability companies known as tokumei kumiai 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. KHHL is deemed to be interested in the Company through its wholly-owned subsidiary Flying Castle Limited. KHHL is ultimately controlled by two parties, Ms. Chan Kit Lai, Cecilia ("Ms. Chan") and Landmark Trust Switzerland SA (the "Trustee"), which the beneficiaries of the trust are Mr. Arnold Ip Tin Chee ("Mr. Ip") and Ms. Lam Ip Tin Wai Chyvette ("Ms. Ip").

The condensed consolidated financial statements of the Group for 1Q FY2019 (the "Unaudited Condensed Consolidated Financial Statements") are unaudited, but have been reviewed by the Audit Committee of the Company. The Unaudited Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 8 August 2018.

The Unaudited Condensed 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 Condensed 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 Condensed 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 2018 (the “**2018 Financial Information**”). The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2018 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 2018.

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

The Unaudited Condensed 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” of 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.

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

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

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

#### *Adoption of new or revised HKFRSs effective on 1 April 2018*

In 1Q FY2019, the Group has applied, for the first time, the following new amendments to HKFRSs issued by the HKICPA.

HKFRS 9 (2014)	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transition <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
HK (IFRIC) – Int 22	Foreign Currency Transaction and Advance Consideration <sup>1</sup>

<sup>1</sup> *Effective for the annual period beginning on after 1 January 2018.*

The application of the above new or revised standards, amendments and interpretations in 1Q FY2019 has had no material effect on the amounts reported in these Unaudited Condensed Consolidated Financial Statements and/or disclosures set out in these Unaudited Condensed Consolidated Financial Statements.

### 3. REVENUE

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

	<b>1Q FY2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	1Q FY2018 (Unaudited) HK\$'000
Corporate finance services	<b>6,637</b>	9,491
Property investment ( <i>Note</i> )	<b>9,271</b>	7,682
	<b>15,908</b>	17,173

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

	<b>1Q FY2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	1Q FY2018 (Unaudited) HK\$'000
Gross rental income from investment properties	<b>9,271</b>	7,682
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the period (included in property expenses)	<b>(2,776)</b>	(2,974)
Net rental income	<b>6,495</b>	4,708

#### 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.

	1Q FY2019			1Q FY2018		
	Corporate finance services	Property investment	Total	Corporate finance services	Property investment	Total
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>REVENUE</b>						
External revenue and segment revenue	6,637	9,271	15,908	9,491	7,682	17,173
<b>RESULT</b>						
Segment profit	1,382	5,307	6,689	3,652	3,628	7,280
Other income and expenses, net			(7,201)			(4,193)
Share of results of associates			(4)			(281)
Finance costs			(499)			(438)
(Loss)/Profit before tax			(1,015)			2,368

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 FY2019 (Unaudited) HK\$'000	1Q FY2018 (Unaudited) HK\$'000
Sponsorship services	4,196	5,619
Financial advisory services	1,518	2,987
Compliance advisory services	749	885
Others corporate finance services	174	–
	<b>6,637</b>	9,491
Rental income	9,271	7,682
	<b>15,908</b>	17,173

#### 5. OTHER INCOME

	1Q FY2019 (Unaudited) HK\$'000	1Q FY2018 (Unaudited) HK\$'000
Bank interest income	7	11
Dividend income from available-for-sale investments	53	14
Gain on disposal of held-for-trading investments	–	20
Administrative fee income	–	705
	<b>60</b>	750

## 6. FINANCE COSTS

	1Q FY2019 (Unaudited) HK\$'000	1Q FY2018 (Unaudited) HK\$'000
Interests on secured bank borrowings	1,340	1,128
	<b>1,340</b>	<b>1,128</b>

## 7. INCOME TAX EXPENSE

	1Q FY2019 (Unaudited) HK\$'000	1Q FY2018 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	(668)	226
Japanese Corporate Income Tax	42	66
Japanese Withholding Tax	533	288
	(93)	580
Deferred taxation	446	365
	<b>353</b>	<b>945</b>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for 1Q FY2019 and 1Q FY2018.

Under the Japan Corporate Income Tax Law, Japanese Corporate Income Tax is calculated at 33.8% of the estimated assessable profits for both 1Q FY2019 and 1Q FY2018. However, regarding to the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for 1Q FY2019 and 1Q FY2018.

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

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

	1Q FY2019 (Unaudited) HK\$'000	1Q FY2018 (Unaudited) HK\$'000
(Loss)/Profit for the period has been arrived at after charging:		
– Salaries, bonus and other benefits	4,617	4,113
– Contributions to retirement benefits schemes	106	104
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Total staff cost, excluding Directors' emoluments	4,723	4,217
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Directors' emoluments	3,439	3,213
Auditors' remuneration	238	225
Depreciation of property, plant and equipment	334	321
Share based payments	445	930
Impairment loss on trade receivables	3	4
Net exchange loss	476	17
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## 9. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during 1Q FY2019 (1Q FY2018: nil).

The Directors do not recommend the payment of any interim dividend for 1Q FY2019 (1Q FY2018: nil).

## 10. (LOSS)/EARNINGS PER SHARE

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

	<b>1Q FY2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	1Q FY2018 (Unaudited) HK\$'000
(Loss)/Earnings for the period attributable to owners of the Company for the purpose of calculation of the basic (loss)/earnings per share	<b>(1,545)</b>	1,266
	<b>30 June 2018</b> <b>'000</b>	30 June 2017 '000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>800,000</b>	800,000

Diluted (loss)/earnings per share are the same as basic (loss)/earnings per share as there were no dilutive potential ordinary shares outstanding 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 FY2019, the Group recorded an unaudited revenue of approximately HK\$15.9 million, representing a decrease of approximately 7.4% as compared to 1Q FY2018. Corporate finance services contributed approximately 41.7% of the Group's revenue in 1Q FY2019, while the remaining portion of revenue was derived from property investment. The decrease in revenue generated from corporate finance services was partially offset by an increase in revenue generated from property investment.

### ***Corporate finance***

Revenue from corporate finance services for 1Q FY2019 decreased by approximately 30.1% as compared to 1Q FY2018. This was mainly attributable to (i) the decrease in revenue generated from financial advisory services as there had been fewer larger size transactions; and (ii) the decrease in revenue generated from sponsorship engagements due to fewer billing milestone achievements in 1Q FY2019. In respect of the revenue from major services under corporate finance, revenue of financial advisory services decreased from approximately HK\$3.0 million in 1Q FY2018 to approximately HK\$1.5 million in 1Q FY2019 and revenue of sponsorship services also decreased from approximately HK\$5.6 million to approximately HK\$4.2 million over the same period.

The Directors wish to note that corporate finance service income is recognised when the underlying services have been provided and/or relevant significant acts have been completed in accordance with the terms of the service agreement; hence there may be fluctuations in the quarterly revenue depending on billing milestones achieved in each quarter.

### ***Property investment***

As at 30 June 2018, the Group's property investment portfolio consisted of 22 buildings in Japan (1Q FY2018: 20) and one commercial unit in Hong Kong.

The property in Hong Kong was fully occupied during 1Q FY2019, while the occupancy rate for the portfolio in Japan remained stable at 95.4% (1Q FY2018: 91.9%).

Revenue from property investment increased by approximately 20.7% in 1Q FY2019 to approximately HK\$9.3 million (1Q FY2018: approximately HK\$7.7 million) was mainly due to (i) the property in Hong Kong was vacant for a short period during 1Q FY2018 due to a change of tenant; (ii) the occupancy rate for the portfolio in Japan had improved by approximately 3.8% as compared to 1Q FY2018; and (iii) higher number of investment properties in the Group's portfolio in Japan as compared to 1Q FY2018 following several acquisitions in the past year.

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

The Group recorded a net loss of approximately HK\$1.4 million in 1Q FY2019 as compared with a net profit of approximately HK\$1.4 million in 1Q FY2018. This was attributable to (i) principally the decrease in the revenue from corporate finance services due to fewer billing milestone achievements for ongoing projects in 1Q FY2019; as well as (ii) the decrease in other income from approximately HK\$0.8 million in 1Q FY2018 to approximately HK\$0.1 million in 1Q FY2019 due to the absence of administrative fee income from the Group's 40%-owned associate, Japan Residential Assets Manager Limited; (iii) exchange loss of approximately HK\$0.5 million recorded in 1Q FY2019 as compared to a nominal loss in 1Q FY2018; and (iv) the increase in staff cost and Directors' emoluments of approximately HK\$0.7 million in 1Q FY2019 when compared to 1Q FY2018.

As a significant portion of discretionary bonuses is customarily distributed to the Group's staff and Directors in the first quarter of a financial year, the relevant remuneration cost for the first quarter of a financial year may be relatively higher as compared to the remaining quarters for the rest of that financial year.

The loss in 1Q FY2019 brought about by the above factors were partially offset by (i) the decrease in property expenses from HK\$3.0 million in 1Q FY2018 to approximately HK\$2.8 million in 1Q FY2019 due to, among others, lower repair and maintenance cost; and (ii) the decrease in share based payment expenses.

### **RECENT DEVELOPMENT**

On 30 July 2018, the Company submitted a formal application to the Stock Exchange for the proposed transfer of listing from GEM to Main Board of the Stock Exchange (the "**Proposed Transfer**"). Given that (i) the definitive timetable for the Proposed Transfer has yet to be finalised; and (ii) the implementation of the Proposed Transfer is subject to certain conditions, further announcement(s) will be made to keep the shareholders of the Company and prospective investors informed of the progress of the Proposed Transfer as and when appropriate.

### **OUTLOOK**

#### ***Corporate finance***

In this financial year, the Directors will strive to seek more financial advisory and independent financial advisory engagements to balance its revenue from sponsorships. The Group also strives to strengthen its marketing initiatives and recruitment to maintain its competitiveness viz a viz other firms in the industry.

#### ***Property investment***

The Group's rental performance is expected to be stable. The Directors will continue to look out for attractive investment opportunities whilst keeping to a slower investment pace.

## 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 2018, 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)	75.0
		37,800,000 (S)	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 deemed to be interested in the Company through its wholly-owned subsidiary Flying Castle Limited. 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 (the “**Option Share(s)**”), 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:**

<b>Name</b>	<b>Name of associated corporation</b>	<b>Nature of interest</b>	<b>Interests in shares <sup>(Note 1)</sup></b>	<b>Approximate percentage shareholding (%)</b>
Mr. Ip	KHHL <sup>(Note 2)</sup>	Beneficiary of a trust	204 (L)	80.0
	I Corporation <sup>(Note 2)</sup>	Interest of spouse	14 (L)	20.0
Ms. Leung	Residence Motoki Investment Limited (“ <b>Residence</b> ”)	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 deemed to be interested in the Company through its wholly-owned subsidiary Flying Castle Limited. 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 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 2018, 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 1Q FY2019 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 2018, 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 (%)
Flying Castle Limited <sup>(Note 2)</sup>	Beneficial owner	600,000,000 (L)	75.0
		37,800,000 (S) <sup>(Note 3)</sup>	4.7
KHHL <sup>(Note 2)</sup>	Interest in a controlled corporation	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
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.5



*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 deemed to be interested in the Company through its wholly-owned subsidiary Flying Castle Limited. 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 <sup>(Note)</sup>	Percentage of shareholding (%)
Ms. Ho	I Corporation	Beneficial owner	14 (L)	20.0
Mr. Henry Shih	Smart Tract Property Investment Limited	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 Rise Shinadori Investor Limited	Beneficial owner	10.0 (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 30 June 2018, 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 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 securities of the Company in 1Q FY2019 up to the date of this report.





## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had 29 staff (30 June 2017: 27) in total. The Group's remuneration policy takes into consideration 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, the Group's profit as a whole and comparable market levels. Apart from salary payment, other staff benefits include share awards, 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 1Q FY2019 and up to the date of this report, no share option was granted by the Company and there was no share option outstanding under the Share Option Scheme as at 30 June 2018.

## SHARE AWARDS

On 25 June 2018, the Company entered into the deeds of grant (the "Deeds") with two employees of the Group, pursuant to which the Company granted award of a total of 4,800,000 new shares of the Company, credited as fully paid, as an incentive bonus to such employees of the Group ("Share Awards"). One of the employee is an executive director of a wholly-owned subsidiary of the Group, and is regarded as a connected person at the subsidiary level. The other employee is an independent third party. The connected transaction contemplated under the Deed with the above connected person is subject to reporting, announcement, independent financial advice and shareholders' approval requirements under the GEM Listing Rules. Details are as set out in the circular of the Company dated 20 July 2018.

At the extraordinary general meeting of the Company held on 8 August 2018, the Deeds were approved and a specific mandate to authorise the Directors to allot and issue up to an aggregate of 4,800,000 new shares of the Company in relation to the Share Awards was granted.

As at the date of the report, all the conditions precedent of the Share Awards have been satisfied, namely (i) the Company has obtained the approval of the Stock Exchange for the listing of, and permission to deal in, up to an aggregate of 4,800,000 new shares of the Company; (ii) the passing of the ordinary resolutions by the shareholders of the Company at the extraordinary general meeting of the Company to, among other things, (aa) approve the Deeds and the transactions contemplated thereunder; and (bb) grant the specific mandate to allot and issue the 4,800,000 new shares of the Company under the Share Awards; and (iii) the grantees of the Share Awards have obtained all necessary consents and approvals that may be required to enable him/her to accept the Share Awards.

## CORPORATE GOVERNANCE

Pursuant to 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 Rule 17.23 of the GEM Listing Rules, the major shareholders of the Company have not pledged of the shares of the Company.

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 FY2019.

## 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 in 1Q FY2019 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 1Q FY2019, 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 18 May 2018, the Group had signed a revised banking facilities letter (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\$47,650,000 to an indirect wholly-owned subsidiary of the Company, Starich Resources Limited.

Under the 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 60.0%.

## INTEREST OF THE COMPLIANCE ADVISER

As at the date of this report, Success New Spring Capital Limited ("SNSC") (formerly known as New Spring Capital Limited), the compliance adviser of the Company, has confirmed that except for (i) SNSC participation as the joint sponsor in relation to the Company's listing; and (ii) the compliance adviser agreement entered into between the Company and SNSC dated 8 April 2016, neither SNSC 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 and 5.29 of the GEM Listing Rules and C.3.3 of the CG 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 CG Code, the Audit Committee has reviewed the unaudited consolidated results of the Group for 1Q FY2019 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 2018

*This report will remain on the "Latest Company Announcement" page of the GEM website at <http://www.hkgem.com> for at least seven days from the date of its publication and on the Company's website at <http://www.altus.com.hk>.*