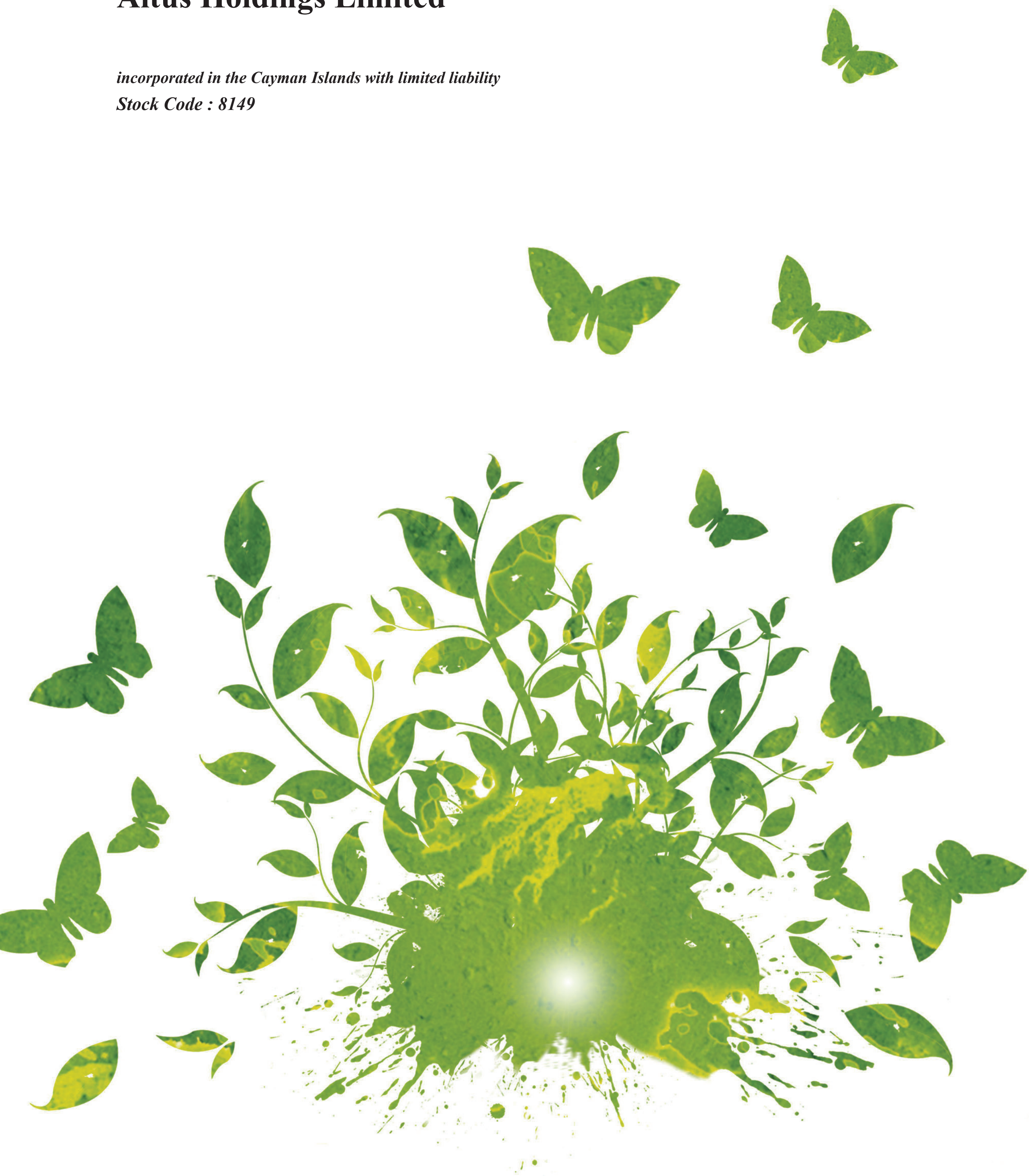
ALTUS

Altus Holdings Limited

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



FY2019
ANNUAL REPORT

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that 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.*

Contents

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPLIANCE OFFICER

Ms. Leung Churk Yin Jeanny

COMPANY SECRETARY

Ms. Tse Sui Man

AUTHORISED REPRESENTATIVES

Mr. Arnold Ip Tin Chee
Mr. Chang Sean Pey

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21 Wing Wo Street
Central, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
(with effect from 11 July 2019:
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong)

AUDITOR

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

COMPLIANCE ADVISER

Success New Spring Capital Limited
(formerly known as New Spring Capital Limited)
16th Floor, Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKERS

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

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

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

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

Kumamoto Daiichi Shinkin Bank
10-29, Hanabata-cho, Chuo-ku
Kumamoto-shi
Kumamoto
Japan

The Bank of Fukuoka, Ltd
5-28, Kuromon, Chuo-ku,
Fukuoka-shi
Fukuoka
Japan

North Pacific Bank, Ltd
Sapporo East Branch
10, East 3 Chome, South 1 Jo, Chuo-ku
Sapporo
Japan

COMPANY WEBSITE

www.altus.com.hk

STOCK CODE

8149

CHAIRMAN'S STATEMENT

Dear Stakeholders,

It is with honour and gratitude that I report to you a fruitful year with steady growth in both businesses.

Whilst we expect the best, we must also be prepared for the worst and capitalise on what comes next. As I am writing, we are already seeing signs of a slowdown in the Hong Kong market. There are increasing uncertainties ahead as a result of trade tensions and geo-political challenges in many parts of the world. We see all of this as a test of the resilience of our business model, of having the complementary segments of property investment and advisory services.

Japan, being the world's third-largest economy, can offer stability and security of real estate investment returns with which few other options can compare. The depth and stability of its property market shall continue to serve as a safe haven of our Group. Furthermore, we are resolute that our "impact investing" in supporting Japan "kaigo" or nursing care and support services will continue to bring about measurable beneficial social impact alongside convincing financial returns.

As for the development of our advisory team, it has been a year when our advisory team has forged ahead in tackling formidable challenges. In the process, the team is well on its way to building a firm culture of team work and comradeship. This is essential to prepare ourselves for challenging times ahead. We firmly believe in the concept of "*the whole is greater than the sum of its parts*". In our case, this refers to the synergy created among individual talents working together in a cooperative effort. We bring together a group of talented and driven young people who excel themselves in their unique ways, under an environment that advocates transparency, open exchange of ideas, and promotes the adoption of good ideas from all ranks. We trust this will establish a team that is more capable than the sum of their talents. With that in mind, we will concentrate our efforts in the training and cultivation of our advisory team, to strengthen their capability and to forge an all-rounded team.

I would like to take this opportunity to express my deepest gratitude to our colleagues, our partners in Japan, our clients and bankers for their continuous contribution and support to Altus, as well as our shareholders who place their trust in us. In the midst of challenges lies opportunities. Facing whatever challenges ahead, we will remain steadfast in our above beliefs and long term strategy. We will thereby remain resilient. Most importantly, we will remain united and well positioned for such challenges, and for further growth when market opportunities present themselves.

Yours truly,

Arnold Ip Tin Chee
Chairman and Executive Director

Hong Kong, 21 June 2019

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Company and its subsidiaries (together, the "**Group**") for the last four financial years, as extracted from the audited consolidated financial statements for the year ended 31 March 2018 ("**FY2018**") in the 2018 annual report and the audited consolidated financial statements in this annual report (the "**Annual Report**") are as follows:

	For the year ended 31 March			
	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**77,655**	70,961	51,761	48,160
Profit before tax	**36,754**	32,555	20,730	22,088
Profit after tax	**30,689**	26,865	13,048	17,693

	As at 31 March			
	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**695,499**	706,836	571,267	497,025
Total liabilities	**232,460**	254,828	172,548	186,458
Net assets	**463,039**	452,008	398,719	310,567

REVIEW OF OPERATIONS

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

Corporate finance

The Group recorded corporate finance services revenue of approximately HK$40.9 million for the year ended 31 March 2019 ("**FY2019**"), an increase of 12.1% over FY2018. A breakdown of the Group's corporate finance services revenue is as follows:

	For the year ended 31 March					
	2019			2018		
	Revenue	**% of corporate finance services revenue**	**Number of active engagements** *(Note)*	Revenue	% of corporate finance services revenue	Number of active engagements (*Note*)
	HK$'000			HK$'000		
Sponsorship	**30,138**	**74%**	**13**	24,955	68%	11
Financial advisory	**6,727**	**16%**	**39**	8,026	22%	55
Compliance advisory	**3,516**	**9%**	**8**	3,275	9%	8
Others	**504**	**1%**	**5**	220	1%	1
Total	**40,885**	**100%**		36,476	100%	

Note: Active engagements represent corporate finance engagements from which the Group had derived income during the relevant financial year. It excludes intra-group revenue received by Altus Capital Limited ("**Altus Capital**"), a wholly-owned subsidiary of the Company, for acting as joint sponsors of the Company's proposed transfer of listing of the Company to the Main Board of the Stock Exchange (the "**Proposed Transfer**") during FY2019, as well as for acting as financial adviser to the Company.

Revenue derived from sponsorship engagements improved in FY2019 in line with the higher number of active engagements. Of the active sponsorship engagements in FY2019, Dragon Mining Limited (stock code: 1712) was listed in November 2018. The other active engagements were, amongst others, being vetted by regulators or were in preparation for submission of listing application or had lapsed or were discontinued during FY2019.

The higher revenue from sponsorship engagements were partially offset by the lower revenue derived from financial advisory engagements, which decreased by approximately 16.2% from FY2018 due to lower number of active engagements.

OPERATION REVIEW AND FINANCIAL REVIEW

Revenue from compliance advisory engagements maintained relatively stable while the revenue from other services increased slightly in FY2019 due to higher number of active engagements, in particular, for acting as listing agent(s) for the offering of exchange traded funds during FY2019.

Property investment

As at 31 March 2019, the Group had a portfolio of 22 investment properties in Japan, one investment property under construction in Japan and one investment property in Hong Kong. This investment property portfolio contributed rental income of approximately HK$36.8 million in FY2019. In addition to the above, the Group also owned its principal place of business at 21 Wing Wo Street, Central, Hong Kong which is classified as property, plant and equipment. During FY2019, the Group had completed the construction of one investment property in Japan as elaborated below.

Japan

A summary of the investment properties in Japan as at 31 March 2019 are as follows:

	Property name	Location	Net rentable area (sq.ft.)	Number of units	Appraised value as at 31 March 2019 JPY million	Appraised value as at 31 March 2018 JPY million	Average occupancy in FY2019 (by revenue)
1.	Ark Palace Hiragishi	Sapporo	14,485	54	396	392	97%
2.	Kitano Machikado GH	Sapporo	1,572	8	47	29	100%
3.	LC One	Sapporo	6,582	26	139	123	98%
4.	Libress Hiragishi	Sapporo	11,554	36	184	176	100%
5.	Nouvelle 98	Sapporo	13,790	38	232	225	95%
6.	Rakuyukan 36	Sapporo	18,046	38	316	319	100%
7.	South 1 West 18 Building	Sapporo	15,529	37	272	263	93%
8.	T House	Sapporo	6,751	24	142	141	94%
9.	Tommy House Hiragishi	Sapporo	8,782	28	159	155	92%
10.	Uruoi Kawanone	Sapporo	15,930	65	656	643	92%
11.	White Building A & B	Sapporo	13,523	55	236	224	100%
12.	City Court Suginami	Hakodate	13,640	44	206	221	84%
13.	Azabu Sendaizaka Hills	Tokyo	12,046	7	1,410	1,380	99%
14.	Azabu Juban Crown Building	Tokyo	2,248	5	248	247	98%
15.	Residence Motoki	Fukuoka	11,992	12	288	280	100%
16.	Wealth Fujisaki	Fukuoka	7,390	10	173	176	99%
17.	Rise Shimodori EXE	Kumamoto	14,159	35	481	471	95%
18.	Rise Fujisakidai	Kumamoto	13,891	36	411	405	97%
19.	Rise Kumamoto Station South	Kumamoto	10,116	20	209	209	99%
20.	Rise Shimodori	Kumamoto	13,619	36	458	457	96%
21.	Kagoshima Tenmonkan Building	Kagoshima	6,541	1	548	534	100%
22.	Shinoro House *Note 1*	Sapporo	918	6	35	N/A	100%
23.	Kiyota 7-3 *Note 2*	Sapporo	750	6	11	N/A	N/A

Notes:

1. The piece of land on which Shinoro House was erected was acquired in November 2017. Construction completed in May 2018 and tenants have moved in from July 2018 onwards.

2. The piece of land on which Kiyota 7-3 is to be erected was acquired in March 2019. Construction is currently ongoing.

Save for Kagoshima Tenmonkan Building which is solely for commercial purpose, the investment properties of the Group in Japan are generally for residential purposes.

In November 2018, the Group acquired a 2.2% shareholding interests in Smart Tact Property Investment Limited for approximately JPY17.6 million, increasing the Group's relevant shareholding interests to 90.0% following this acquisition.

Hong Kong

The investment property in Hong Kong is an office unit at Duddell Street, Central with saleable area of approximately 2,267 sq.ft.. It had been leased out throughout FY2019. This property's appraised value as at 31 March 2019 was approximately HK$86.7 million.

Compliance with laws and regulations

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

Environmental policies and performance

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

For further information in relation to environmental, social and governance performance of the Company during FY2019, please refer to the upcoming Environment and Social Governance Report, which will be released shortly and published on the respective websites of the GEM of the Stock Exchange and the Company.

During FY2019, the Group has not been the subject of any environmental claims, lawsuits, penalties or disciplinary actions.

OPERATION REVIEW AND FINANCIAL REVIEW

FINANCIAL REVIEW

Review of operating results

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

Revenue

The Group recorded revenue of HK$77.7 million in FY2019 compared with HK$71.0 million in FY2018, representing an increase of approximately 9.4%. Such increase was driven by higher revenue for both business segments where there was (i) a 6.6% increase in property investment revenue from HK$34.5 million in FY2018 to HK$36.8 million in FY2019; and (ii) a 12.1% increase in corporate finance services revenue from HK$36.5 million in FY2018 to HK$40.9 million in FY2019.

Corporate finance

The increase in revenue of corporate finance services by 12.1% was mainly attributable to an increase in sponsorship revenue from HK$25.0 million in FY2018 to HK$30.1 million in FY2019 due to (i) higher number of active engagements during FY2019 of 13 compared with 11 in FY2018; and (ii) achievement of more billing milestones for these engagements as they were at the earlier heavy-lifting stages of the listing exercise.

The effects of the above were partially offset by lower revenue for financial advisory services. Lower revenue for financial advisory services was partly attributable to a lower number of active financial advisory engagements during FY2019.

Property investment

The higher revenue from property investment in FY2019 was mainly attributable to (i) the full year of rental contribution from Kagoshima Tenmonkan Building during FY2019 compared to the rental contribution of only six months in FY2018 and (ii) an increase in occupancy rate of Uruoi Kawanone from 76.7% during FY2018 to 91.6% during FY2019. Overall, the occupancy rate for properties in Japan improved during FY2019 to approximately 96.7% compared with 94.8% during FY2018.

Meanwhile, the occupancy rate for the property in Hong Kong achieved 100.0% during FY2019 compared with 93.2% during FY2018 due to the vacancy for a short period in June 2017 when there was a change in tenant.

Other income

Other income in FY2019 decreased to HK$0.1 million from HK$3.0 million in FY2018 due to (i) the absence of administrative fee income from Japan Residential Assets Manager Limited ("**JRAM SG**") which had ceased in October 2017 during FY2018; (ii) a decrease in dividend income from available-for-sale investments; and (iii) the absence of any exchange gain in FY2019 (FY2018: HK$1.1 million).

Net increase in fair value of investment properties

The Group recorded a net increase in fair value of investment properties of HK$19.4 million in FY2019 (FY2018: HK$12.7 million). In particular, approximately HK$13.2 million fair value increase was recorded for our Hong Kong investment property at Duddell Street, Central; and in Japan, the increase in fair value of properties was contributed mainly by Azabu Sendaizaka Hills, LC One, Uruoi Kawanone and White Building A & B which increased in fair value in aggregate by approximately HK$4.6 million.

Administrative and operating expenses

Administrative and operating expenses increased from HK$36.5 million in FY2018 to HK$42.3 million in FY2019. Such increase was due to (i) non-recurring expenses relating to the Proposed Transfer of approximately HK$2.0 million recorded during FY2019 (FY2018: nil); and (ii) the impairment loss of account receivables of approximately HK$2.5 million recorded during FY2019 (FY2018: nil). Such impairment loss was attributable to expected credit losses from sponsorship services income as evaluated by the management of the Group for certain engagements that had lapsed during FY2019.

The amount of remuneration of employees is set out in note 14 to the consolidated financial statements. The number of employees and remuneration policy are set out on page 37 of Directors' report in this annual report.

Profit before tax/Profit after tax

The Group's profit before tax increased to HK$36.8 million in FY2019 from HK$32.6 million in FY2018.

The increase in profitability was mainly attributable to the higher level of revenue recorded and net increase in fair value of investment properties in FY2019, which was partially offset by (i) the non-recurring expenses relating to the Proposed Transfer, (ii) higher interest expenses, and (iii) the impairment loss of account receivables.

Liquidity, financial resources and capital structure

The Group's operations are mainly financed by shareholders' equity (including equity raised pursuant to the listing of the shares of the Company (the "**Listing**")), bank loans and cash generated from operations.

	As at 31 March 2019 HK$'000	As at 31 March 2018 HK$'000
Current assets	**46,640**	57,870
Current liabilities	**70,007**	91,058
Current ratio (times)*(note 1)*	**0.7**	0.6
Gearing ratio (%)*(note 2)*	**41.0**	46.9

Notes:

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

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

The Group had net current liabilities of approximately HK$23.4 million as at 31 March 2019 and HK$33.2 million as at 31 March 2018 respectively. The improvement was mainly due to the repayment of the short-term secured bank borrowings in Hong Kong by utilising the proceeds from the long-term secured bank borrowings in Japan.

OPERATION REVIEW AND FINANCIAL REVIEW

The bank borrowings with repayment on demand clause, including bank borrowings of HK$20.0 million as at 31 March 2019 (31 March 2018: HK$20.0 million) which are not repayable within one year from the end of reporting period according to repayment schedule, were classified as current liabilities. This classification of such type of bank borrowings above is necessitated by the Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment Demand Clause.

The Directors are satisfied that the liquidity of the Group can be maintained. Details are set out in note 2 to the consolidated financial statements of this Annual Report.

Gearing ratio as at 31 March 2019 was 41.0% compared to 46.9% as at 31 March 2018. The lower gearing ratio was due to (i) a decrease in total interest bearing loans of the Group from HK$212.1 million as at 31 March 2018 to HK$189.8 million as at 31 March 2019, as well as (ii) an increase in the value of investment properties of the Group from HK$597.7 million as at 31 March 2018 to HK$600.4 million as at 31 March 2019 that improved total equity of the Group.

Cash balance

As at 31 March 2019, the Group had cash and bank balances amounted to HK$38.3 million (31 March 2018: HK$51.1 million) of which HK$33.9 million was held in Japanese Yen ("**JPY**") deposited in licenced banks in Hong Kong and Japan. Cash and bank balances were lower due to their deployment towards property acquisitions and repayment of revolving loans in FY2019.

Foreign exchange and interest rate exposures

The Group manages its foreign exchange exposure by monitoring the matching of the currencies of its debts with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. In FY2019, loans to be serviced by rental income generated from or secured by properties in Japan were denominated in JPY; meanwhile, loans secured by properties (for investment and self-occupation) in Hong Kong were serviced by income derived from Hong Kong and Japan denominated in HK$ and JPY respectively.

To mitigate risks associated with fluctuations of interest rates for some of the loans in Japan with variable interest rates, the Group had entered into derivative financial instruments as a means to effectively fix the interest rate. As at 31 March 2019, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK$46.4 million (31 March 2018: HK$34.2 million).

Bank borrowings

Total interest bearing loans of the Group decreased from HK$212.1 million as at 31 March 2018 to HK$189.8 million as at 31 March 2019. These loans carry fixed and variable interest rates ranging from 1.11% to 4.82% per annum.

As at 31 March 2019, approximately HK$46.0 million (31 March 2018: HK$72.8 million) of the Group's interest bearing loans had variable interest rates. The interest coverage ratio as at 31 March 2019 was 7.2 times (31 March 2018: 4.5 times).

Charges on the Group's assets

As at 31 March 2019, (i) both the properties in Hong Kong; and (ii) all the properties in Japan (save for Kitano Machikado GH, Rakuyukan 36, Shinoro House and Kiyota 7-3), had been charged in favour of banks and financial institutions in Hong Kong and Japan for loans obtained from these banks and financial institutions.

Capital commitments/Contingent liabilities

As at 31 March 2019, the Group had capital commitments in respect of the construction of its investment property, being Kiyota 7-3, that had been contracted for but not provided for in the consolidated financial statements, of approximately HK$1.4 million.

Save as disclosed above, the Group did not have any significant contingent liabilities as at 31 March 2019.

Principal risk and uncertainty

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

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

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

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

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

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

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

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

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

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

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

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

Further details of the risks and uncertainties faced by the Group are set out in the section headed "Risk factors" of the prospectus of the Company dated 30 September 2016 (the "**Prospectus**").

OPERATION REVIEW AND FINANCIAL REVIEW

RECENT DEVELOPMENT

Proposed Transfer

The Company is currently weighing the costs and benefits of continuing to pursue the Proposed Transfer in view of the prolonged time it has taken. Further announcement(s) will be made to keep shareholders of the Company and prospective investors informed of its progress as and when appropriate.

OUTLOOK

Corporate finance

While the Group has recorded higher revenue during FY2019 driven by higher revenue for both business segments in particular the increase in revenue from sponsorship engagements, the Directors has observed that the Hong Kong stock market (including the IPO market) has turned sluggish amidst the ongoing Sino-US trade dispute and the increasing geo-political challenges. The Directors foresee that global business environment and the Hong Kong stock market will continue to be volatile. This may have an impact on the financial performance of potential listing candidates thus affecting their IPO plans, and achieving the desired market valuation of listing candidates will be challenging given the weak sentiments. In the midst of these, the progress of some of the Group's sponsorship engagements have been affected, and going forward, such volatility will cause uncertainties to the achievement of billing milestones of existing engagements and also affect the Group's ability to secure new engagements. The Group's revenue from corporate finance services will in turn be adversely affected in the coming months of the calendar year 2019.

In view of the current stock market and economic condition, in particular the outlook of the Hong Kong IPO market, the Directors will continue to strive to seek more financial advisory and independent financial advisory engagements to balance its revenue from sponsorships going forward. The Group also strives to strengthen its marketing initiatives and recruitment to maintain its competitiveness in the industry, taking the lead in strengthening the team to be ready for upcoming market opportunities.

Property investment

The property investment markets in Hong Kong and Japan had continued to improve steadily, in terms of both capital value increases and rental yields. The Directors expect this trend to continue barring unforeseen circumstances.

The Group's strategy for its property investment business is to retain and enhance recurring income stream via expansion and diversification of its property portfolio. The Directors will also continue to look out for appropriate investment opportunities, in line with the development strategy of the Group of providing group home and nursing home in Japan. The Directors expect revenue from the Group's investment property portfolio to remain stable in the coming financial year.

INTRODUCTION

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

CORPORATE GOVERNANCE PRACTICES

The shares of the Company were listed on GEM on 17 October 2016 (the "**Listing Date**"). The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules during FY2019. During FY2019, the Company had, where applicable, complied with the applicable code provisions as set out in the CG Code.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "**Code of Conduct**"). The Company had made specific enquiry with the Directors and all Directors confirmed that they had fully complied with the required standard of dealings set out in the Code of Conduct and there was no event of non-compliance during FY2019 and up to the date of this Annual Report (the "**Relevant Period**").

BOARD OF DIRECTORS

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

Executive Directors
Mr. Arnold Ip Tin Chee *(Chairman)*
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

Biographical details of the Directors are set out in the section headed "Biographical details of directors and senior management" of this Annual Report. The relationship between Directors and senior management is set out in section headed "Disclosure of relationship" of this Annual Report.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES OF THE BOARD

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

According to the code provision of C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During FY2019, the executive Directors have provided to all the other members of the Board updates on any material changes to the position and prospects of the Group, which are considered to be sufficient to provide general updates of the Group's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same for the purposes of code provision C.1.2 of the CG Code.

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

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

CHAIRMAN AND CHIEF EXECUTIVE

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BOARD COMMITTEES

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

(iv) reviewing and monitoring the Code of Conduct and compliance manual applicable to employees and Directors; and

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

The Board has reviewed and discussed the above matters and corporate governance policy of the Group and is satisfied with its effectiveness during FY2019.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to a resolution of the Board passed on 26 September 2016 with written terms of reference in compliance with the CG Code and Rules 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are (i) to make recommendations to the Board on the appointment and removal of external auditors; (ii) to review the financial statements and render advice in respect of financial reporting; (iii) to oversee internal control procedures and corporate governance of the Group; (iv) to supervise internal control and risk management systems of the Group; and (v) to monitor continuing connected transactions (if any).

The Audit Committee currently consists of all of our three independent non-executive Directors, namely Mr. Chao Tien Yo, Mr. Chan Sun Kwong and Mr. Lee Shu Yin and the chairman is Mr. Chan Sun Kwong, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The following is a summary of work performed by the Audit Committee during the Relevant Period:

(a) reviewed the unaudited financial statements for three months ended 30 June 2018, six months ended 30 September 2018 and nine months ended 31 December 2018;

(b) reviewed the audited financial statements for FY2018 and FY2019;

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

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

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

The attendance record of the members of the Audit Committee at meetings during FY2019 is set out below:

Name of members	Attendance/No. of Meetings
Mr. Chan Sun Kwong *(Chairman)*	5/5
Mr. Chao Tien Yo	5/5
Mr. Lee Shu Yin	4/5

REMUNERATION COMMITTEE

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

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

One Remuneration Committee meeting was held during FY2019 to consider the bonus system and remuneration package for, to review the remuneration policy and structure of the Directors and senior management and make recommendation to the Board on remuneration package of Directors and senior management. The attendance record of the members of the Remuneration Committee at meeting is set out below:

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

NOMINATION COMMITTEE

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

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

One Nomination Committee meeting was held during the Relevant Period to consider the retirement of directors, to review the annual confirmation and assess the independence of the independent non-executive directors, the current structure, size and diversity of the Board, the board diversity policy and the contribution required from a director to perform his/her responsibility. The attendance record of the members of the Nomination Committee at meeting during FY2019 is set out below:

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

NOMINATION POLICY

The nominations were made in accordance with objective criteria (including gender, age, cultural and education background, professional experience, reputation for integrity, accomplishment and experience in the business of the Group, commitment in respect of available time and relevant interest and other factors as considers appropriate) with due regard for the benefits of diversity, as set out in the board diversity policy. For re-election of existing Directors or proposing candidates to stand for election at a general meeting, the Nomination Committee would make recommendation of candidates for the Board's consideration and approval.

BOARD DIVERSITY

The Board has adopted a board diversity policy, which is published on the Company's website and recognises the benefits of a Board that possesses a balance of skills set, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Board's composition reflects a good use of differences in the skills, regional and industrial experience, background, gender and other qualities and contribute to the effectiveness of the Board. The Board is also satisfied with contributions from Directors during the Relevant Period.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

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

BOARD MEETINGS

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

The attendance record of each Director at Board meetings during FY2019 is set out below:

Name of Directors	**Attendance/No. of Meetings**
Mr. Arnold Ip Tin Chee *(Chairman)*	9/10
Mr. Chang Sean Pey	8/10
Ms. Leung Churk Yin Jeanny	10/10
Mr. Chao Tien Yo	10/10
Mr. Chan Sun Kwong	10/10
Mr. Lee Shu Yin	8/10

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

GENERAL MEETINGS

The latest Shareholders' meetings of the Company were the AGM and extraordinary general meeting which were both held on 8 August 2018 at The Foreign Correspondents' Club, Hong Kong at North Block, 2 Lower Albert Road, Central, Hong Kong. The attendance record of each Directors at general meetings during FY2019 is set out below:

Name of Directors	**Attendance/No. of Meetings**
Mr. Arnold Ip Tin Chee *(Chairman)*	2/2
Mr. Chang Sean Pey	2/2
Ms. Leung Churk Yin Jeanny	2/2
Mr. Chao Tien Yo	2/2
Mr. Chan Sun Kwong	2/2
Mr. Lee Shu Yin	0/2

TRAINING FOR DIRECTORS AND COMPANY SECRETARY AND CONTINUING PROFESSIONAL DEVELOPMENT

According to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. For FY2019, each Directors attended training at courses, seminars or talks provided by professional, which covered amongst other topics, the CG Code, as well as the GEM listed company's and directors' continuing obligations. In addition, during the Relevant Period, each of the Directors has from time to time reviewed updates on laws, rules and regulations which might be relevant to their roles, duties and functions as a director of a listed company.

Ms. Tse Sui Man, the company secretary of the Company, has complied with the relevant training requirement under Rule 5.15 of the GEM Listing Rules during the Relevant Period.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the auditor of the Group for FY2019 is set out as follows:

Services rendered	HK$
Audit service	980,000
Non-audit services(Note)	477,500
Total	1,457,500

Note: Non-audit services include taxation related services and other services in relation to the Proposed Transfer.

COMPANY SECRETARY

Please refer to the section headed "Biographical details of directors and senior management" of this Annual Report for biographical details of the company secretary of the Company.

COMPLIANCE OFFICER

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

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements for FY2019 which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements for FY2019, the Board has selected suitable accounting policies and applied them consistently, and made judgments and estimates that are fair and reasonable.

As at 31 March 2019, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon our Group's ability to continue as a going concern. Therefore, the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the Directors' remuneration and five highest paid individuals' emoluments are set out in note 15 to the consolidated financial statements of this Annual Report.

Details of the senior management's emoluments by band are set out as follows:

	Number of senior management
HK$0 – HK$1,000,000	3
HK$1,000,001 – HK$2,000,000	1
HK$2,000,001 – HK$3,000,000	2
Above HK$3,000,000	1
Total	7

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

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

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

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

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

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

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

The Company's dividend policy is to strike a balance between maintaining sufficient capital to grow its businesses and rewarding shareholders of the Company. According to the dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

(i) the general financial condition of the Group;

(ii) the actual and future operations and liquidity positions of the Group;

(iii) the future cash requirements and availability;

(iv) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(v) the general market conditions; and

(vi) any other factor that the Board deems appropriate.

CONSTITUTIONAL DOCUMENTS

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

A copy of the amended and restated Memorandum and Articles of Association of the Company is published on the respective websites of GEM of the Stock Exchange and the Company.

During FY2019, there has been no change in the Company's Memorandum and Articles of Association.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

For FY2019, the Board conducted an annual review of the effectiveness of the risk management and internal control system, which covered the areas of financial, operational, compliance and risk management. The Board considered the system of the Group to be adequate and effective. As at the date of this Annual Report, the Group has engaged an independent internal control consultant to review the effectiveness of the Group's internal control system and perform internal audit function. The internal control consultant has directly reported to the Audit Committee. Going forward, the Directors will continue to regularly assess and review the effectiveness of the Group's risk management and internal control system.

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

INSIDER INFORMATION

With respect to procedures and internal controls for handling and dissemination of insider information, the Company is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the GEM Listing Rules, has included in compliance manual and ensures, through consideration of outcome by senior management, appropriate handling and dissemination of insider information.

PROCEDURES FOR RAISING ENQUIRIES

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Arnold Ip Tin Chee (葉天賜) ("Mr. Ip"), aged 56, founded our Group in September 2000. He has been the Chairman and Executive Director of the Company since April 2016. Mr. Ip is charged with (i) formulating our Group's corporate strategy and overall business development; (ii) overseeing the operational (including corporate finance activities) and financial matters of our Group; (iii) handling compliance matters; and (iv) client referrals and relationship management. Mr. Ip also acts as chairman of our investment committee and is able to draw from his experiences in the disciplines of corporate finance and fund management (as further elaborated below) to ensure that our investment activities are in line with our investment strategy and business development plan. Mr. Ip is also a member of Remuneration Committee and Nomination Committee of the Company.

Mr. Ip obtained a Bachelor of Arts degree and a Master of Arts degree from the University of Cambridge in the United Kingdom in June 1984 and November 1988 respectively. Subsequently, he joined Standard Chartered Asia Limited and had acted as a director. Mr. Ip later joined Yuanta Securities (Hong Kong) Company Limited and had been a director until January 2001. In September 2000, Mr. Ip founded our Group. Throughout the 2000s, he helped found and oversee the management teams of several funds as well as Saizen REIT, a real estate investment trust previously listed in Singapore, which focused on Japanese real estate investment property. Mr. Ip was the Chairman and non-executive director of JRAM SG, the manager of Saizen REIT, from July 2007 to August 2018.

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

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

Company	Principal business during tenure	Position	Period
Pioneer Global Group Limited (stock code: 0224)	Investment holdings	Independent non-executive director	23 June 1999 to present
Pak Fah Yeow International Limited (stock code: 0239)	Manufacture, marketing and distribution of medicated embrocation under "Hoe Hin" brand and property and treasury investment	Independent non-executive director	8 September 2004 to present
Sam Woo Construction Group Limited (stock code: 3822)	Provision of foundation works and ancillary services	Independent non-executive director	15 September 2014 to present
Icicle Group Holdings Limited (stock code: 8429)	Provision of marketing production and ancillary services	Independent non-executive director	16 November 2017 to present

Mr. Ip is also a director of a number of subsidiaries of the Group. He is also a director of, Flying Castle Limited and Kinley Hecico Holdings Limited ("**KHHL**"), substantial shareholders of the Company, which have interest in the shares of the Company as disclosed in the section of "Substantial shareholders' interests and short positions in the shares and underlying shares of the Company ".

Mr. Chang Sean Pey (曾憲沛) ("Mr. Chang"), aged 47, has been with our Group since February 2001. Mr. Chang was appointed as a Director on 3 March 2016 and redesignated as an executive Director on 8 April 2016. Mr. Chang works with the chairman of our Board to oversee our Group's overall operations, strategic direction and business development and is responsible for (i) managing daily operations and supervising staff; (ii) providing corporate finance services; (iii) handling compliance matters; and (iv) client referrals and relationship management. Mr. Chang, with experience in corporate finance as well as real estate investment and divestment, is a member of our Group's investment committee.

After graduating from the National University of Singapore in Singapore with a Degree of Bachelor of Engineering (Mechanical) in July 1996, Mr. Chang began his career as a management trainee, and thereafter worked in the corporate finance services division of the investment banking department at the Development Bank of Singapore Limited, specialising in fund raising activities in the equity capital markets from July 1996 to April 2000 where his last position was manager. In April 2000, he joined a former subsidiary of our Group in Hong Kong. Throughout the 2000s, he was involved in overseeing the management teams of several funds as well as Saizen REIT, a real estate investment trust previously listed in Singapore, which focused on Japanese real estate investment property. Mr. Chang was previously an executive director of JRAM SG, the manager of Saizen REIT from July 2007 to December 2015.

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

Mr. Chang is also a director of a number of subsidiaries of our Group.

Ms. Leung Churk Yin Jeanny (梁綽然) ("Ms. Leung"), aged 54, was appointed as a Director on 3 March 2016 and was redesignated as an Executive Director on 8 April 2016. Ms. Leung works with the chairman of our Board to oversee our overall operations, strategic direction and business development and in her capacity as compliance officer, oversees all compliance matters. She provides corporate finance services to our clients and is responsible for management of the transaction teams as well as client referral and relationship management. Ms. Leung is also a member of our Group's investment committee. She is able to draw on her vast experience in corporate finance, as well as executive management in listed entities as further elaborated below, in carrying out this role.

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

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

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

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

Ms. Leung is also a director of a number of subsidiaries of our Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chao Tien Yo (趙天岳) ("Mr. Chao"), aged 64, joined the Company as an independent non-executive Director on 26 September 2016. He is the chairman of Nomination Committee and member of Audit Committee and Remuneration Committee of the Company. Mr. Chao qualified as a solicitor in England and Wales in October 1983 and in Hong Kong in March 1984. After a legal career of over thirty years with international and Hong Kong law firms, he retired from professional private legal practice in 2015. He serves now as Chief Legal Officer with CPG Overseas Company Limited. Mr. Chao worked previously in the corporate group of Linklaters, as a consultant partner from May 2014 to June 2015 and as partner from August 2011 to April 2014. His earlier work experience includes acting as partner in the corporate department of Morrison & Foerster from January 2003 to July 2011. Prior to this, Mr. Chao co-founded the Hong Kong law firm Chao and Chung in 1994 and was a partner of the firm until it ceased practice at the end of 2002, where he mainly handled corporate work.

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

Mr. Chan Sun Kwong (陳晨光) ("Mr. Chan"), aged 52, joined the Company as an independent non-executive Director on 26 September 2016. He is the chairman of Audit Committee and member of Remuneration Committee and Nomination Committee of the Company.

Mr. Chan has over 25 years of experience in accounting, auditing, banking and company secretarial fields. For the period from January 1992 to March 1998, Mr. Chan had served in UDL Management Limited from January 1992 to March 1998 and his last position was a financial controller. He had also served as company secretary of UDL Holdings Limited (now known as DTXS Silk Road Investment Holdings Company Limited) (stock code: 620) from January 1992 to September 1997 and as company secretary of KEL Holdings Limited (now known as Chinese People Holdings Company Limited) (stock code: 681) from March 1997 to September 1997. He has been the sole proprietor of Ken Chan & Co. Certified Public Accountants, since July 1998. He had also served as company secretary of Ming Hing Holdings Limited (now known as Peace Map Holding Limited) (stock code: 402) from November 2005 to October 2006, an independent non-executive director of Anex International Holdings Limited (now known as Sustainable Forest Holdings Limited) (stock code: 723) from February 2006 to January 2008 and company secretary of Powerwell Pacific Holdings Limited (now known as China Trustful Group Limited) (stock code: 8265) from December 2010 to September 2014. He had been the company secretary and an executive director of Sam Woo Holdings Limited (now known as Noble Century Investment Holdings Limited) (stock code: 2322) from March 2003 to June 2011. Mr. Chan had served as an independent non-executive director of Creative Energy Solutions Holdings Limited (now known as Kirin Group Holdings Limited) (stock code: 8109) from July 2010 to November 2010, Megalogic Technology Holdings Limited (now known as New Western Group Limited) (stock code: 8242) from December 2011 to April 2015 and Pak Tak International Limited (stock code: 2668) from December 2014 to August 2016.

Mr. Chan obtained a diploma of business administration from the Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in July 1990. He is a fellow member of the Hong Kong Institute of Chartered Secretaries in February 2008, the Institute of Chartered Secretaries and Administrators in the United Kingdom in December 2006, the Institute of Chartered Accountants in England and Wales in July 2017, the Association of Chartered Certified Accountants in the United Kingdom in October 1996 and the Hong Kong Institute of Certified Public Accountants in March 2000. Mr. Chan is accredited as a mediator of The Hong Kong Mediation Centre in November 2010.

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

Company	Principal business during tenure	Position	Period
Sam Woo Construction Group Limited (stock code: 3822)	Provision of foundation works and ancillary services in Hong Kong and Macau	Company secretary	January 2013 to present
KPa-BM Holdings Limited (stock code: 2663)	(i) Provision of structural engineering works with a focus on design; (ii) supply and installation of building material products and (iii) trading of building material products predominately in Hong Kong	Company secretary	June 2015 to present
M&L Holdings Group Limited (stock code: 8152)	Provision of integrated engineering solutions in connection with specialised cutting tools and parts for construction equipment with particular focus on disc cutters	Joint Company secretary	June 2017 to present
Universe Printshop Holdings Limited (stock code: 8448)	Provision of printing service	Company secretary	June 2017 to present

Mr. Lee Shu Yin (李樹賢) ("Mr. Lee"), aged 52, joined the Company as an independent non-executive Director on 26 September 2016. He is the chairman of Remuneration Committee and member of Nomination Committee and Audit Committee of the Company. Mr. Lee has over twenty years of experience in real estate, corporate finance, investment and management. He is currently the chief executive of Asiasec Properties Limited, prior to which he was an executive director of Tian An China Investments Limited. He was the chief investment officer of Grand River Properties (China) Ltd, a company he co-founded in 2003. Mr. Lee's experience includes serving as a vice president and director of JP Morgan Securities Limited/Robert Fleming Securities while based in London, New York and Boston and as an executive director of Goldman Sachs International in Hong Kong. He obtained a Degree of Master of Science in Finance in September 1999 from the London Business School of the University of London in the United Kingdom, and Bachelor of Arts Degree and Bachelor of Science Degree from Stanford University (officially the Leland Stanford Junior University) in the United States in June 1989. Mr. Lee was accredited as a chartered financial analyst by the Institute of Chartered Financial Analysts.

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

Company	Principal business during tenure	Position	Period
Tian An China Investments Company Limited (stock code: 0028)	Development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC	Non-executive director Executive director	18 March 2011 to 14 June 2017 15 June 2017 to 3 January 2018
Asiasec Properties Limited (stock code: 0271)	Investment in properties	Chief Executive Executive director	4 January 2018 to present

DISCLOSURE OF RELATIONSHIPS

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

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

SENIOR MANAGEMENT

Ms. Ho Shuk Yee Samantha (何淑懿) (“Ms. Ho”), aged 55, joined our Group in May 2014. In her capacity as chief investment officer and a member of the investment committee, Ms. Ho is responsible for advising the executive Directors on our investment strategy and assessing and making decision on the purchase and/or disposal of our investment in accordance with our investment strategy. Ms. Ho has over 25 years’ of experience in the finance industry, specialising in fund management. Prior to joining our Group, she had served as a director of the board of Hong Kong Securities and Investment Institute from December 2008 to December 2014. She had acted as investment director at Invesco Hong Kong Limited from November 2004 to August 2012. From April 2003 to June 2004, she was a licensed representative for Manulife Asset Management (Hong Kong) Limited. Her other experience prior to this includes working at SEB Investment Management from January 1994 to March 2000 and Jardine Fleming Securities Limited from October 1989 to December 1993.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Khoo Wing Pui Charlotte (邱詠培) ("Ms. Khoo"), aged 30, joined our Group in September 2011 and currently serves as executive director of Altus Capital. Alongside her duties as Altus Capital's principal for sponsorships and responsible officer for Type 6 (advising on corporate finance) regulated activity, which involve supervising and leading the execution of corporate finance projects, clients' relationship management and project origination, she also works with our executive management on talent cultivation and continuous enhancement of our practices and processes.

Prior to joining our Group, Ms. Khoo worked at KPMG Tax Limited where her last position was as a tax consultant. She obtained a degree of Bachelor of Science (Hons) in Economics from University College London in the United Kingdom in August 2010. Ms. Khoo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. She is licensed to carry out Type 6 (advising on corporate finance) regulated activities as a responsible officer and Type 1 (dealing in securities) and Type 9 (asset management) regulated activities as a licensed representative under the SFO.

Mr. Tam Ho Kei Leo (譚浩基) ("Mr. Tam"), aged 34, joined our Group in October 2014 and currently serves as an assistant director. Mr. Tam provides corporate finance services to our clients and oversees the day-to-day execution work of transaction teams. In addition, he assists (i) the investment committee on the implementation of our investment strategy, the ongoing monitoring and review of our investment portfolio; and (ii) the executive management with regards to internal control matters. In May 2007, he obtained a degree of Bachelor of Commerce in Accounting and International Business from The University British Columbia in Canada. From September 2007 to April 2014, he worked at Ernst & Young where his last position was an audit manager. Mr. Tam has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since January 2013. He is licensed to carry out Type 6 (advising on corporate finance) regulated activity as a responsible officer and Type 1 (dealing in securities) and Type 9 (asset management) regulated activities as a licensed representative under the SFO.

Ms. Tse Sui Man (謝瑞敏) (''Ms. Tse"), aged 30, joined us in September 2017 as a financial controller and also become our company secretary in December 2017. Ms. Tse is responsible for the review of our Group's finance and accounting functions and company secretarial matters. In July 2012, she obtained a degree of Bachelor of Business Administration (Hons) in Accountancy and Management Information System from City University of Hong Kong. Prior to joining our Group, Ms. Tse had served as an audit senior associate with PricewaterhouseCoopers, CPA from December 2013 to August 2016. Ms. Tse is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

COMPANY SECRETARY

Ms. Tse (謝瑞敏) is our company secretary. For details of their background, please refer to the paragraph headed "Senior Management" above.

COMPLIANCE OFFICER

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

AUTHORISED REPRESENTATIVES

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

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Company and the Group for FY2019.

CORPORATE REORGANISATION AND LISTING

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of corporate finance services and property investments. Details of the principal activities of its subsidiaries are set out in note 37 to the consolidated financial statements. There were no significant changes in the nature of our Group's principal activities during FY2019.

PRINCIPAL PLACE OF BUSINESS

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

BUSINESS REVIEW

Discussion and analysis of the business of the Group, outlook of the business and the analysis of the Group's performance for FY2019 important events affecting the Group, principal risks and uncertainties and environmental policy and performance of the Group can be found out in the sections headed "Chairman's statement" and "Operation review and financial review" of this Annual Report.

RESULTS AND DIVIDEND

The results of the Group for FY2019 are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" of this Annual Report.

The Board had recommended an interim dividend of Hong Kong 0.2 cent (31 March 2018: Hong Kong 0.2 cent) per share for the financial year ended 31 March 2019 which was paid on Wednesday, 19 December 2018.

The Board now recommends a final dividend of Hong Kong 0.2 cent (FY2018: Hong Kong 0.2 cent) per share and a special dividend of Hong Kong 0.02 cent. (FY2018: Hong Kong 0.05 cent) per share for FY2019. The special dividend is recommended having considered the satisfactory performance of the corporate finance business in the past year while also considering the volatile outlook of the market going forward. The proposed final dividend and special dividend if approved at the forthcoming AGM, will be payable on Friday, 27 September 2019 to the Shareholders whose names appear on the register of members of the Company on Thursday, 5 September 2019. Shares of the Company will be traded ex-dividend as from Wednesday, 28 August 2019.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM will be held at 9:30 a.m. on Thursday, 8 August 2019. The register of members of the Company will be closed from Friday, 2 August 2019 to Thursday, 8 August 2019 (the "**Closure Period**"), both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM. During this Closure Period, no transfer of the Company's shares will be registered. In order to qualify for attending and voting at the AGM, all transfers, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong*, for registration no later than 4:30 p.m. on Thursday, 1 August 2019.

The register of members of the Company will also be closed from Friday, 30 August 2019 to Thursday, 5 September 2019, both days inclusive, during which period no transfer of shares will be registered. Subject to the approval by the Shareholders of the proposed final dividend and special dividend at the AGM, the final dividend and special dividend will be paid on Friday, 27 September 2019 to the Shareholders whose names appear on the register of members of the Company on Thursday, 5 September 2019. For the entitlement to the proposed final dividend and special dividend all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong*, no later than 4:30 p.m. on Thursday, 29 August 2019.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

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

In respect of item (i) above, the Group has since the Listing continued to recruit suitable candidates for its corporate finance activities.

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

KEY RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

The Group maintains a good relationship with customer, suppliers and employees. If there is any compliant from customers and suppliers, it will be reported to the management. The Group also ensures that all remuneration of employees are regularly reviewed.

* Tricor Investor Services Limited will relocate to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong on 11 July 2019.

DIRECTORS' REPORT

SUMMARY OF FINANCIAL INFORMATION

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during FY2019 are set out in note 18 to the consolidated financial statements of this Annual Report.

PROPERTIES

Particulars of properties held by the Group as at 31 March 2019 are set out on pages 136 to 138.

INVESTMENT PROPERTIES

The investment properties were revalued at 31 March 2019 and the resulting a fair value change of approximately HK$19,439,000 has been credited to the consolidated statement of profit or loss and other comprehensive income.

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

SHARE CAPITAL

Details of the movements in the Company's share capital for FY2019 are set out in note 29 to the consolidated financial statements of this Annual Report.

RESERVES

Details of the movements in the reserves of the Company and the Group are set out in note 36 to the consolidated financial statements of this Annual Report.

DISTRIBUTABLE RESERVES

As at 31 March 2019, there was no reserve available for distribution to the members of the Company.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during FY2019.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During FY2019, there was no material acquisition and disposal of subsidiaries, associates and joint ventures of the Company. Details are set out in note 30 to the consolidated financial statements of this Annual Report.

DIRECTORS

The Directors during the Relevant Period were:

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

Independent non-executive Directors
Mr. Chao Tien Yo
Mr. Chan Sun Kwong
Mr. Lee Shu Yin

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

DIRECTORS' AND SENIOR MANAGEMENT MEMBERS' BIOGRAPHIES

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

DIRECTORS' SERVICE CONTRACTS

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

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

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

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

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

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

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors during FY2019 and such permitted indemnity provision for the benefits of the Directors is currently in force.

CONTRACTS OF SIGNIFICANCE

Save as those disclosed in note 35 to the consolidated financial statement, there was no transaction, arrangement or contract of significance in relation to the Group's business to which any member of the Group was a party and in which a Director had a material interest, whether directly or indirectly, during FY2019.

Save as those disclosed in note 35 to the consolidated financial statement, there was no contract of significance between the Company, or any of its subsidiaries, and a controlling Shareholder or any of its subsidiaries during FY2019.

Save as those disclosed in note 35 to the consolidated financial statement, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries during FY2019.

CONTRACTUAL ARRANGEMENT

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

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

For further details of the TK Arrangement, please refer to the section headed "Our TK Arrangements" of the Prospectus.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had 31 staff (31 March 2018: 28). The Group's remuneration policy takes into consideration the relevant Director's or member of senior management's duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, our Group's profit as a whole and comparable market levels. Apart from salary payments, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS AND REMUNERATION POLICY

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

MANAGEMENT CONTRACTS

During FY2019 and up to the date of this Annual Report, other than the service contracts of the Directors, the Company did not enter into or have any management and administrative contracts in respect of the whole or any substantial part of the principal businesses of the Company.

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

As at 31 March 2019, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered into the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Interest or short positions in the shares of the Company:

Name of Director	Capacity and nature of interest	*Notes*	Number of shares interested *(Note 3)*	Approximate percentage of the total issued share capital of the Company *(%)*
Mr. Ip	Beneficiary of a trust, beneficial owner and interest of a spouse	*1*	572,552,000 (L)	71.6
			12,852,000 (S)	1.6
Mr. Chang	Beneficial owner	*2*	22,400,000 (L)	2.8
Ms. Leung	Beneficial owner	*2*	9,400,000 (L)	1.2

Notes:

1. KHHL is deemed to be interested in 570,052,000 shares of the Company in long position and 12,852,000 shares of the Company in short position (as referred to Note 2 below) through its wholly-owned subsidiary Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan Kit Lai, Cecilia ("**Ms. Chan**") and as to 80.0% by Landmark Trust Switzerland SA ("**the Trustee**") on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Lam Ip Tin Wai Chyvette ("**Ms. Ip**") are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL Mr. Ip has beneficial interest in 1,250,000 shares of the Company and has interest of spouse in 1,250,000 shares of the Company by virtue of SFO.

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 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). During FY2019, Mr. Chang and Ms. Leung exercised 16,434,000 and 8,514,000 Option Shares respectively. Subsequently, Mr. Chang and Ms. Leung sold 2,500,000 and 3,500,000 Option Shares respectively. As at 31 March 2019, the remaining 8,466,000 and 4,386,000 granted Option Shares to Mr. Chang and Ms. Leung respectively were unvested. According to the Option Deeds, such Option Shares will be vested 36 months after the date of listing of the Company.

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	Capacity and 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	20 (L)	0.33
Mr. Chang	Residence	Beneficial owner	10 (L)	0.17

Notes:

1. The letter "L" denotes a long position in the shares of these associated corporations of the Company.

2. KHHL is deemed to be interested in the Company through its wholly-owned subsidiary Flying Castle Limited. KHHL is a company which is owned as to 20% by Ms. Chan and as to 80% by the Trustee on behalf of The Hecico 1985 Trust, of which Mr. Ip is one of the beneficiaries. By virtue of the SFO, Mr. Ip is deemed to be interested in the shares of KHHL held by the Trustee.

3. Pursuant to the SFO, Mr. Ip, the spouse of Ms. Ho, is deemed to be interested in the shares of I Corporation held by Ms. Ho.

Save as disclosed above, as at 31 March 2019, 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 it's associated corporations" above and "Share option scheme" below, at no time during 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 31 March 2019, 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	Capacity and nature of interest	Number of shares interested *(Note 1)*	Approximate percentage of the total issued share capital of the Company *(%)*
Flying Castle Limited *(Note 2)*	Beneficial owner	570,052,000 (L)	71.3
		12,852,000 (S) *(Note 3)*	1.6
KHHL *(Note 2)*	Interest in a controlled corporation	570,052,000 (L)	71.3
		12,852,000 (S) *(Note 3)*	1.6
The Trustee	Trustee	570,052,000 (L)	71.3
		12,852,000 (S) *(Note 3)*	1.6
Ms. Chan *(Note 2)*	Founder of a discretionary trust	570,052,000 (L)	71.3
		12,852,000 (S) *(Note 3)*	1.6
	Beneficial owner	1,250,000 (L)	0.2
Mr. Ip *(Note 2)*	Beneficiary of a trust	570,052,000 (L)	71.3
		12,852,000 (S) *(Note 3)*	1.6
	Beneficial owner	1,250,000 (L)	0.2
	Interest of spouse	1,250,000 (L)	0.2
Ms. Ip *(Note 2)*	Beneficiary of a trust	570,052,000 (L)	71.3
		12,852,000 (S) *(Note 3)*	1.6
	Beneficial owner	1,250,000 (L)	0.2
Ms. Ho *(Note 4)*	Interest of spouse	571,302,000 (L)	71.4
		12,852,000 (S) *(Note 3)*	1.6
	Beneficial owner	1,250,000 (L)	0.2
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. By virtue of SFO, Mr. Ip, the spouse of Ms. Ho, is deemed to be interested in 1,250,000 shares of the Company held by Ms. Ho.

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). During FY2019, Mr. Chang and Ms. Leung exercised 16,434,000 and 8,514,000 Option Shares respectively. During FY2019, Mr. Chang and Ms. Leung sold 2,500,000 and 3,500,000 Option Shares respectively. As at 31 March 2019, the remaining 8,466,000 and 4,386,000 granted Option Shares to Mr. Chang and Ms. Leung respectively were unvested. According to the Option Deeds, such Option Shares will be vested 36 months after the date of listing of the Company.

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 interested or deemed to be interested.

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

Name of shareholder	Name of member of our Group	Nature of interest	Number of shares *(Note)*	Percentage of shareholding *(%)*
Ms. Ho	I Corporation	Beneficial owner	14 (L)	20.0
Mr. Henry Shih	Smart Tact Property Investment Limited	Beneficial owner	922 (L)	10.0
	Residence	Beneficial owner	600 (L)	10.0
	Lynton Gate Limited	Beneficial owner	1 (L)	10.0
Mr. Richard Lo	Residence	Interest in controlled corporations	600 (L)	10.0
	EXE Rise Shinadori Investor Limited	Beneficial owner	10 (L)	10.0

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

Save as disclosed above, the Directors and chief executives of the Company are not aware that there is any party who, as at 31 March 2019, had or deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The purpose of the share option scheme approved and adopted by the Company through shareholder resolution passed on 26 September 2016 is for the Group to attract, retain and motivate talented persons to strive for future developments and expansion of the Group. The share option scheme will expire on 26 September 2026.

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

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

The total number of shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Any further grant of options to a Participant in excess of the 1% limit shall be subject to approval by Shareholders in general meeting with such Participant and his or her close associates (or his or her associates if such Participant is a connected person) abstaining from voting. The total number of shares issued and to be issued upon exercise of the option granted to a substantial shareholder or an independent non-executive Director shall no exceed 0.1% of total issued share capital and HK$5 million.

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

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

During FY2019, no share options were granted by the Company and there was no share option outstanding under the share option scheme as at 31 March 2019.

SHARE AWARDS

On 25 June 2018, the Company entered into 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 (the "**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. Details were as set out in the circular of the Company dated 20 July 2018.

As 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 aggregate of 4,800,000 new shares of the Company in relation to the Share Awards was granted.

CONNECTED TRANSACTIONS

The Company has complied with disclosure requirements, to the extent they are not waived by the Stock Exchange, in accordance with Chapter 20 of the GEM Listing Rules with respect to the connected transaction entered into by the Group during FY2019.

A summary of the related party transactions entered into by the Group during FY2019 is contained in note 35 to the consolidated financial statements in this Annual Report. The transactions summarised in such note do not fall under the definition of "connected transactions" or "continuing connected transactions" under Chapter 20 of the GEM Listing Rules.

COMPETING INTERESTS

Save as disclosed in the Prospectus, none of the Directors, substantial shareholders and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group during FY2018 and the Relevant Period.

DEED OF NON-COMPETITION

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

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

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

On 25 March 2019, the Group had signed a revised banking facilities letter (the "**Revised Facility Letter**") with an existing lender of the Company, Chong Hing Bank Limited. Such licensed bank as lender agreed to make available a revised revolving loan facility in the amount of HK$56,000,000 to an indirectly wholly-owned subsidiary of the Group, Starich Resources Limited. The availability of such revised revolving loan facility is subject to, among other things, the lender's periodic review and overriding right of repayment on demand, including the right to call for cash cover on demand for prospective and contingent liabilities.

On 4 April 2019, the Group had signed a revised banking facilities letter (the "**Facility Letter**") with an existing lender of the Company, Hang Seng Bank Limited. Such licensed bank as lender agreed to make available a revised revolving loan facility in the amount of HK$47,650,000 to an indirectly wholly-owned subsidiary of the Group, Starich Resources Limited. The availability of such revised revolving loan facility is subject to, among other things, the lender's periodic review and 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 and Facility Letter mentioned above, 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%.

MAJOR CUSTOMERS

The Group's top five customers for FY2019 were corporate finance clients and they in aggregate accounted for approximately HK$17.7 million (FY2018: approximately HK$18.7 million), representing approximately 22.8% (FY2018: approximately 26.4%) of the Group's total revenue. The Group's largest customer for FY2019 accounted for approximately HK$5.2 million or 6.7% of total revenue.

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

MAJOR TENANTS AND SUPPLIERS

The Group leases units of its properties to individuals and corporations in Japan and Hong Kong. The Group's property portfolio accounts for an insignificant share of the overall Japanese real estate market. During FY2019, the Group leased a unit in Hong Kong to an independent third party and the rental revenue received from this party accounted for approximately 2.5% of total revenue (FY2018: 2.4%).

The Group engages property and asset managers to assist with the management and maintenance of its properties in Japan. In this regard, the suppliers are all based in Japan. During FY2019, services obtained from the Group's largest supplier and the five largest suppliers accounted for approximately 5.1% and 14.5% of property expenses respectively, as compared with approximately 7.6% and 16.1% for FY2018.

SUFFICIENCY OF PUBLIC FLOAT

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

INTEREST OF THE COMPLIANCE ADVISER

As at the date of this Annual Report, Success New Spring Capital Limited ("**Success New Spring Capital**") (formerly known as New Spring Capital Limited) is the compliance adviser of the Company. Save for (i) Success New Spring Capital's participation as the sponsor in relation to the Listing, and (ii) the compliance adviser agreement entered into between the Company and Success New Spring Capital dated 8 April 2016, neither Success 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.

PRE-EMPTIVE RIGHTS

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

DONATIONS

During FY2019, donations of HK$15,000 (FY2018: HK$15,000) were made by the Group.

AUDITOR

The consolidated financial statements for FY2019 has been audited by SHINEWING (HK) CPA LIMITED. SHINEWING (HK) CPA LIMITED will retire and being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming AGM.

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

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

Hong Kong, 21 June 2019

INDEPENDENT AUDITOR'S REPORT

信永中和 ShineWing

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

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

OPINION

We have audited the consolidated financial statements of Altus Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 50 to 135, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Valuation of investment properties

Refer to note 19 to the consolidated financial statements and the accounting policies on page 67.

The key audit matter	How the matter was addressed in our audit
The directors of the Company have estimated the fair value of the Group's investment properties amounted to approximately HK$599,681,000 as at 31 March 2019 with a net increase in fair value of investment properties of approximately HK$19,439,000 recorded in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2019. Independent external valuations were obtained in respect of the entire portfolio in order to support management's estimates. We consider valuation of investment properties as a key audit matter because of its significance to the consolidated financial statements and the valuations are dependent on certain key assumptions that require significant judgment including capitalisation rates and recent market transactions.	Our audit procedures in relation to the valuation of investment properties included assessing the valuation methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry in Hong Kong and Japan. We had also checked, on a sample basis, the accuracy and relevance of the input data used.

OTHER INFORMATION

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

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

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

We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

Hong Kong
21 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 MARCH 2018 AND 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	*9*	**77,655**	70,961
Other income	*11*	**132**	3,048
Net increase in fair value of investment properties	*19*	**19,439**	12,707
Changes in fair value of derivative financial liabilities		**(596)**	(302)
Impairment loss on available-for-sale investments		**–**	(182)
Property expenses		**(11,711)**	(11,162)
Administrative and operating expenses		**(42,298)**	(36,454)
Share of results of associates		**19**	(568)
Finance costs	*12*	**(5,886)**	(5,493)
Profit before tax		**36,754**	32,555
Income tax expense	*13*	**(6,065)**	(5,690)
Profit for the year	*14*	**30,689**	26,865
Other comprehensive (expense) income for the year			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale investments		**–**	(183)
Exchange differences arising on translating of foreign operations		**(15,695)**	20,934
Share of translation reserve of associates		**–**	732
Release of translation reserve upon liquidation of associates		**(1)**	–
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**332**	–
Other comprehensive (expense) income for the year		**(15,364)**	21,483
Total comprehensive income for the year		**15,325**	48,348
Profit for the year attributable to:			
Owners of the Company		**29,746**	26,295
Non-controlling interests		**943**	570
		30,689	26,865
Total comprehensive income for the year attributable to:			
Owners of the Company		**14,443**	47,054
Non-controlling interests		**882**	1,294
		15,325	48,348
Earnings per share (HK cents)	*17*		
– Basic		**3.72**	3.29
– Diluted		**3.70**	3.29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018 AND 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	*18*	**42,600**	43,855
Investment properties and investment property under construction	*19*	**600,442**	597,660
Interests in associates	*20*	**–**	2,945
Financial assets at fair value through other comprehensive income	*22*	**4,049**	–
Available-for-sale investments	*21*	**–**	4,395
Club memberships		**1,718**	–
Prepayment	*23*	**50**	111
		648,859	648,966
Current assets			
Trade and other receivables	*23*	**7,430**	6,212
Deposits placed in financial institution	*24*	**929**	602
Bank balances and cash	*24*	**38,281**	51,056
		46,640	57,870
Current liabilities			
Trade and other payables	*25*	**10,758**	12,283
Tax payable		**3,226**	4,005
Secured bank borrowings	*26*	**56,023**	74,770
		70,007	91,058
Net current liabilities		**(23,367)**	(33,188)
Total assets less current liabilities		**625,492**	615,778
Non-current liabilities			
Secured bank borrowings	*26*	**133,824**	137,344
Derivative financial instruments	*27*	**1,089**	836
Other payables – tenant deposits – over 1 year	*25*	**2,110**	2,324
Deferred tax liabilities	*28*	**25,430**	23,266
		162,453	163,770
		463,039	452,008
Capital and reserves			
Share capital	*29*	**8,000**	8,000
Reserves		**442,683**	429,685
Equity attributable to owners of the Company		**450,683**	437,685
Non-controlling interests		**12,356**	14,323
		463,039	452,008

The consolidated financial statements on pages 50 to 135 were approved and authorised for issue by the board of directors on 21 June 2019 and are signed on its behalf by:

Arnold Ip Tin Chee
Director

Chang Sean Pey
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium (note i) HK$'000	Other reserve (note ii) HK$'000	Investment revaluation reserve HK$'000	Shareholder contribution (note iii) HK$'000	Share awards reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2018 (as originally stated)	8,000	71,288	98,812	241	9,008	–	(1,092)	251,428	437,685	14,323	452,008
Effect of changes in accounting policies (note 3)	–	–	–	54	–	–	–	–	54	–	54
At 1 April 2018 (as restated)	8,000	71,288	98,812	295	9,008	–	(1,092)	251,428	437,739	14,323	452,062
Profit for the year	–	–	–	–	–	–	–	29,746	29,746	943	30,689
Other comprehensive income (expense) for the year:											
– Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	332	–	–	–	–	332	–	332
– Exchange differences arising on translating of foreign operations	–	–	–	–	–	–	(15,634)	–	(15,634)	(61)	(15,695)
– Release of translation reserve upon liquidation of associates	–	–	–	–	–	–	(1)	–	(1)	–	(1)
	–	–	–	332	–	–	(15,635)	–	(15,303)	(61)	(15,364)
Total comprehensive income (expense) for the year	–	–	–	332	–	–	(15,635)	29,746	14,443	882	15,325
Contribution from shareholder (note 38(a))	–	–	–	–	1,782	–	–	–	1,782	–	1,782
Share based payments (note 38(b))	–	–	–	–	–	319	–	–	319	–	319
Acquisition of additional interest in a subsidiary (note 30)	–	–	–	–	–	–	–	–	–	(1,220)	(1,220)
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	–	–	(500)	(500)
Return of capital to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(1,129)	(1,129)
Dividends paid (note 16)	–	–	–	–	–	–	–	(3,600)	(3,600)	–	(3,600)
At 31 March 2019	8,000	71,288	98,812	627	10,790	319	(16,727)	277,574	450,683	12,356	463,039

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium (note i) HK$'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 2017	8,000	71,288	98,747	424	5,289	(22,034)	228,333	390,047	8,672	398,719
Profit for the year	–	–	–	–	–	–	26,295	26,295	570	26,865
Other comprehensive income (expense) for the year:										
– Change in fair value of available-for-sale investments (note 21)	–	–	–	(183)	–	–	–	(183)	–	(183)
– Exchange differences arising on translating of foreign operations	–	–	–	–	–	20,210	–	20,210	724	20,934
– Share of translation reserve of associates	–	–	–	–	–	732	–	732	–	732
	–	–	–	(183)	–	20,942	–	20,759	724	21,483
Total comprehensive income for the year	–	–	–	(183)	–	20,942	26,295	47,054	1,294	48,348
Contribution from shareholder (note 38 (a))	–	–	–	–	3,719	–	–	3,719	–	3,719
Acquisition of additional interest in a subsidiary (note 30)	–	–	85	–	–	–	–	85	(1,427)	(1,342)
Contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	280	280
Disposal of partial interest in a subsidiary without losing control (note 30)	–	–	(20)	–	–	–	–	(20)	5,833	5,813
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	–	(329)	(329)
Dividends paid (note 16)	–	–	–	–	–	–	(3,200)	(3,200)	–	(3,200)
At 31 March 2018	8,000	71,288	98,812	241	9,008	(1,092)	251,428	437,685	14,323	452,008

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 assets value of the subsidiaries of the Group, upon completion of the group reorganisation on 26 September 2016; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received arising from changes in the Group's ownership interests in existing subsidiaries that do not 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, details of which are set out in note 38 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEARS ENDED 31 MARCH 2018 AND 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**36,754**	32,555
Adjustments for:		
Finance costs	**5,886**	5,493
Bank interest income	**(14)**	(37)
Impairment loss (reversal of impairment loss) of trade receivables	**2,511**	(5)
Depreciation of property, plant and equipment	**1,323**	1,318
Share based payments	**2,101**	3,719
Gain on disposal of held for trading investments	–	(42)
Impairment loss on an available-for-sale investments	–	182
Changes in fair value of derivative financial liabilities	**596**	302
Share of results of associates	**(19)**	568
Net increase in fair value of investment properties	**(19,439)**	(12,707)
Dividend income from financial assets at fair value through other comprehensive income ("FVTOCI")/available-for-sale investments	**(118)**	(292)
Reversal of provision for long service payment	–	(168)
Write off of property, plant and equipment	**1**	–
Operating cash flows before movements in working capital	**29,582**	30,886
Increase in trade and other receivables	**(3,668)**	(1,935)
(Decrease) increase in trade and other payables	**(1,809)**	4,383
Increase in held-for-trading investments	–	42
CASH GENERATED FROM OPERATIONS	**24,105**	33,376
Income tax paid	**(3,717)**	(2,668)
NET CASH FROM OPERATING ACTIVITIES	**20,388**	30,708
INVESTING ACTIVITIES		
Purchase of investment properties	**(5,198)**	(124,168)
Purchases of financial assets at FVTOCI/available-for-sale investments	**(787)**	(1,679)
Purchase of club memberships	**(200)**	–
Purchase of property, plant and equipment	**(69)**	(510)
Dividends received from associates	**2,963**	3,467
Dividends received from available-for-sale investments	**118**	292
Interest received	**14**	37
NET CASH USED IN INVESTING ACTIVITIES	**(3,159)**	(122,561)

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEARS ENDED 31 MARCH 2018 AND 2019

		Year ended 31 March	
		2019	2018
	Notes	**HK$'000**	HK$'000
FINANCING ACTIVITIES			
Repayments of borrowings		**(74,939)**	(78,922)
Interest paid		**(5,886)**	(5,475)
Dividends paid		**(4,030)**	(3,529)
Acquisition of additional interest in a subsidiary	*30*	**(1,220)**	(1,342)
Return of capital to non-controlling interests		**(1,129)**	–
New borrowings raised		**58,778**	144,821
Repayments to a director		**–**	(483)
Proceeds from disposal of partial interest in a subsidiary without losing control	*30*	**–**	5,813
Contribution from non-controlling shareholders		**–**	280
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES		**(28,426)**	61,163
Net decrease in cash and cash equivalents		**(11,197)**	(30,690)
Cash and cash equivalents at the beginning of the year		**51,658**	81,806
Effect of foreign exchange rate changes		**(1,251)**	542
Cash and cash equivalents at the end of the year		**39,210**	51,658
Analysis of components of cash and cash equivalents:			
Deposits placed in financial institution		**929**	602
Bank balances and cash		**38,281**	51,056
		39,210	51,658

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 the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 October 2016. The addresses of the registered office and the principal place of business of the Company are detailed in the section headed "Corporate Information" of the annual report.

The Company is engaged in investment holding and its subsidiaries' (collectively referred as to the "Group") major operating subsidiaries are mainly engaged in the provision of corporate finance services and property investments. 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 Kinley-Hecico Holdings Limited ("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, Chan Kit Lai, Cecilia and Landmark Trust Switzerland SA, which the beneficiaries of the trust are Arnold Ip Tin Chee and Lam Ip Tin Wai Chyvette.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is same as the functional currency of the Company. Other than those subsidiaries incorporating in Japan, whose functional currency is Japanese Yen ("JPY"), the functional currency of the Company and other subsidiaries is HK$.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going Concern

Notwithstanding that the Group has incurred net current liabilities of approximately HK$23,367,000 as at 31 March 2019, the consolidated financial statements as at 31 March 2019 have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year after taking into consideration of:

i) As at 31 March 2019, the Group has unutilised available banking facilities of approximately HK$57,500,000;

ii) The bank borrowings of approximately HK$20,000,000 with the repayment on demand clause which are not repayable within one year from the end of the reporting period according to the repayment schedule were classified as current liabilities in accordance with Hong Kong IFRS Interpretations Committee (the "IFRIC") – Interpretation 5 – Presentation of Financial Statement – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause issued by the HKICPA. Such bank borrowings were pledged against the investment property at fair value of approximately HK$86,700,000 owned by the Group as at 31 March 2019, hence, its repayment is expected to be fully recovered through the realisation of these asset by sale should the repayment on demand clause be exercised.

Accordingly, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2019. The directors of the Company are satisfied that it is appropriate to prepare these financial statements on a going concern basis. The consolidated financial statements as at 31 March 2019 do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

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

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 April 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue.

The Group's accounting policies for its revenue streams are disclosed in detail in Note 4 below.

The directors of the Company have assessed each type of the performance obligations and consider that the revenue recognition policies under HKAS 18 Revenue are similar to the newly adopted HKFRS 15 Revenue from Contracts with Customers.

The impact of transition to HKFRS 15 was insignificant on the retained earnings as well as the consolidated statement of financial position at 1 April 2018.

As at 1 April 2018, the advances received of approximately HK$710,000 previously included in trade and other payables will remain in the same item.

As such, the directors of the Company considered that there is no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The adoption of HKFRS 15 did not have material impact on the Group's operating, investing and financing cash flows.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 April 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained earnings and other components of equity as at 1 April 2018.

The Group's accounting policies for the classification and measurement of financial instruments and the impairment of financial assets are disclosed in detail in Note 4 below.

Classification and measurement of financial instruments

The directors of the Company reviewed and assessed the Group's existing financial assets and liabilities as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of HKFRS 9 has had the following impact on the Group's financial assets and liabilities as regards their classification and measurement:

(a) Listed equity investments previously classified as available-for-sale investments carried at fair value:

The Group had elected to present in other comprehensive income for the fair value changes in respect of the Group's equity instruments amounting to approximately HK$2,737,000 as they are held for long-term strategic purpose, and reclassified them to financial assets at fair value through other comprehensive income. On initial application of HKFRS 9, the fair value gains and losses of these equity investments continue to be recognised in the investments revaluation reserve but they will not be reclassified to profit or loss when they are derecognised.

(b) Unlisted investments previously classified as available-for-sale investments carried at cost less impairment:

The Group had elected to present in other comprehensive income for the fair value changes in respect of certain of the Group's unlisted equity instruments amounting to approximately HK$139,000 as at 31 March 2018 as they are held for medium or long term strategic purpose, and reclassified them to financial assets at FVTOCI upon initial application of HKFRS 9. The Group measures them at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investment revaluation reserve, which will not be reclassified to profit or loss when they are derecognised. Accordingly, the difference between the previous carrying amount and the fair value related to the investments amounting to approximately HK$54,000 was adjusted to investment revaluation reserve as at 1 April 2018 upon initial application of HKFRS 9.

For the remaining balance represented club memberships carried at cost less impairment amounting to approximately HK$1,519,000, the Group has continued to state at cost less impairment included in the "Club memberships" in the consolidated statement of financial position.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking ECL model. As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

It is concluded that, as at 1 April 2018, no additional credit loss allowance on trade receivables and other receivables has been recognised against retained earnings as the estimated allowance under the ECL model were not significantly different to the impairment losses previously recognised under HKAS 39.

Summary of effects arising from initial application of HKFRS 9

The table below summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets and reconciles the carrying amounts of financial assets and financial liabilities under HKAS 39 to the carrying amounts under HKFRS 9 on 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amount at 31 March 2018 (HKAS 39) HK$'000	Adoption of HKFRS 9 – Reclassification HK$'000	Adoption of HKFRS 9 – Remeasurement HK$'000	Carrying amount at 1 April 2018 (HKFRS 9)* HK$'000
Financial assets				
Loan and receivable				
–Trade and other receivables	6,212	(6,212)	–	–
– Bank balances and cash	51,056	(51,056)	–	–
– Deposits placed in financial institution	602	(602)	–	–
– Available-for-sale investments	4,395	(4,395)	–	–
At amortised cost				
– Trade and other receivables	–	6,212	–	6,212
– Bank balances and cash	–	51,056	–	51,056
– Deposits placed in financial institution	–	602	–	602
Financial assets at FVTOCI				
– Unlisted equity investments	–	139	54	193
– Listed equity investments	–	2,737	–	2,737
Club memberships	–	1,519	–	1,519

* The amounts in this column are before the adjustments from application of HKFRS 15.

All the financial liabilities have not been impacted by the application of HKFRS 9 and continue to be classified and measured on the same basis as they were under HKAS 39.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

Summary of effects arising from initial application of HKFRS 9 *(Continued)*

The table below summarises the impact of transition to HKFRS 9 on retained earnings at 1 April 2018.

	Investment revaluation reserve HK$'000
Balance at 31 March 2018 as originally stated	241
Fair value remeasurement on financial assets at FVTOCI upon initial application	54
Balance at 1 April 2018 as restated	295

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under HKAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of HKFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of HKFRS 9.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after a date to be determined.

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

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 Leases *(Continued)*

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases, The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of the initial application as an adjustment to the opening balance of equity as at 1 April 2019 and will not restate the comparative information. As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$315,000 as disclosed in note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

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

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

After application of the equity method, including recognising the associate's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in associates. The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the associate. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the investment ceases to be an associate upon the Group losing significant influence over the associate, the Group discontinues to apply equity method. Any amount previously recognised in other comprehensive income in relation to that investment is reclassified to profit or loss or retained earnings on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Policy applicable to the year ended 31 March 2019 (with application of HKFRS 15)

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to customers.

A performance obligation represents service (or a bundle of services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

Revenue is measured based on the consideration specific in a contract with a customer, excludes amounts collected on behalf of third parties.

The Group recognises revenue from the provision of corporate finance services.

Depending on the nature of the services and the contract terms, sponsoring fee and financial advisory fee are recognised in profit or loss over time using a output method that depicts the Group's performance, or at a point in time when the service is completed.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Contract liabilities

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Variable consideration

For the consideration promised in a contract includes a variable amount (e.g. performance bonuses on achievement of a specified milestones), the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer.

The Group estimates an amount of variable consideration by using either the expected value method or the most likely amount method, depending on which method the Group expects to better predict the amount of consideration to which it will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Policy applicable to the year ended 31 March 2018

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

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

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

Investment properties and investment property under construction

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

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

Construction costs incurred for investment property under construction are capitalised as part of the carrying amount of the investment property under construction.

Investment property under construction is measured at cost, including any directly attributable expenditure until either its fair value becomes reliably determinable measurable or construction is completed, whichever is earlier.

Leasing

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

The Group as lessor

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasehold land and building

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

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

Taxation

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

Current and deferred taxes are recognised in profit or loss.

Foreign currencies

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

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

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

On the disposal of a foreign operation (i.e. a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Club memberships

Club memberships with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

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

Retirement benefit costs

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

Short-term and other long-term employee benefits

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

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

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

Financial instruments

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

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

Under HKFRS 9 (applicable on or after 1 April 2018)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cashflow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKFRS 9 (applicable on or after 1 April 2018) *(Continued)*

Financial assets *(Continued)*

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the “other income” line item (note 11).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKFRS 9 (applicable on or after 1 April 2018) *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTOCI (debt instruments)

The Group classifies and measures subsequently its debt instruments at FVTOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other income' line item in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost at FVTOCI as well as lease receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and lease receivables, which is included in trade receivables. The expected credit losses on these financial assets are estimated individually based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKFRS 9 (applicable on or after 1 April 2018) *(Continued)*

Financial assets *(Continued)*

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKFRS 9 (applicable on or after 1 April 2018) *(Continued)*

Financial assets *(Continued)*

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKFRS 9 (applicable on or after 1 April 2018) *(Continued)*

Financial assets *(Continued)*

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKFRS 9 (applicable on or after 1 April 2018) *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKFRS 9 (applicable on or after 1 April 2018) *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship and is included in the 'derivative financial instruments' in the consolidated statement of financial position. The net gain or loss recognised in profit or loss on the financial liabilities and is included in the 'changes in fair value of derivative financial instruments' line item in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKFRS 9 (applicable on or after 1 April 2018) *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Under HKAS 39 (applicable before 1 April 2018)

Financial assets

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

Effective interest method

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

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

Available-for-sale financial assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKAS 39 (applicable before 1 April 2018) *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets (Continued)

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

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

Available-for-sale equity and debt investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment of financial assets below).

Financial assets at FVTPL

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss on the financial assets was recognised in profit or loss (excluding any dividend or interest earned) and is included in the other income/administrative expense in the consolidated statement of profit or loss and other comprehensive income.

Loans and receivables

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKAS 39 (applicable before 1 April 2018) *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKAS 39 (applicable before 1 April 2018) *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Under HKAS 39 (applicable before 1 April 2018) *(Continued)*

Derecognition

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

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

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

Derivative financial instruments

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

Borrowing costs

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

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

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share awarded to employees

Share awarded granted to the employees are the amounts to be expensed as staff costs. The amounts are determined by reference to the fair value of the award shares granted, taking into account all non-vesting conditions associated with the grants. The total expense is recognised over the relevant vesting periods, with a corresponding credit to the share awards reserve under equity.

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 – Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is unobservable.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4 above, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

Control in the TK Operators

The Group invests in the certain investment properties located in Japan by entering into TK Agreement as TK Investor with Japanese limited liability companies known as TK Operators, which are the property holding companies. The relationship between the TK Operators and TK Investors is governed by TK Agreements, whereby the TK Investors provide funds to the TK Operators in return for income derived from the investments properties held by the TK Operators. Under the TK Agreements, profits or losses generated from TK Operators will be returned to the Group periodically. Therefore, the Group is exposed to the substantial of risks and rewards from its agreements with the TK Operators and the underlying property holding business. Besides, the Group exercises its' control over the TK Operators by making decisions to direct the relevant activities, e.g. investment decision making (including acquisition and disposal of the properties and financing activities), monitoring of the leasing status and rental return from the properties, etc. Based on the substances of the arrangement and the legal advice, the directors of the Company are of the view that the Group is able to exercise control in the TK Operators during the years ended 31 March 2018 and 2019.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgements in applying accounting policies *(Continued)*

Going concern and liquidity

The assessment of the going concern assumptions involves making judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions are set out in note 2.

Key source of estimation uncertainty

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

Depreciation of property, plant and equipment

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

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

The impairment loss on property, plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of land and building included in property, plant and equipment have been determined based on fair value less cost of disposal. The directors of Company select an appropriate technique to determine the recoverable amounts of property, plant and equipment. These calculations require the use of estimates such as market comparable in similar areas and the relevant adjustments (e.g. size, age of the property, location, etc.). As at 31 March 2019, the carrying values of land and building included in property, plant and equipment were approximately HK$42,292,000 (2018: HK$43,276,000). No impairment loss was recognised during the years ended 31 March 2019 and 2018.

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties being recognised in profit or loss. The carrying amount of investment properties measured at fair value at 31 March 2019 was approximately HK$599,681,000 (2018: HK$595,973,000).

6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group mainly consists of net debt which includes the secured bank borrowings disclosed in note 26, net of cash and cash equivalent and equity attributable to owners of the Company, comprising share capital and reserves.

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

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

There is no non-compliance of the capital requirements of Altus Investments and Altus Capital imposed by the Securities and Futures (Financial Resources) Rules during the years ended 31 March 2019 and 2018.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a. Categories of financial instruments

	At 31 March 2019 HK$'000	At 31 March 2018 HK$'000
Financial assets		
Financial assets at FVTOCI	**4,049**	–
Available-for-sale investments	–	4,395
Financial assets at amortised cost/loans and receivables (including cash and cash equivalents)	**45,533**	56,577
Financial liabilities		
At amortised cost	**200,793**	224,680
Derivative financial liabilities	**1,089**	836

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

b. Financial risk management objectives and policies

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

(i) Currency risk

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

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

	Assets	
	As at 31 March 2019 HK$'000	As at 31 March 2018 HK$'000
JPY	**7,164**	9,358

Sensitivity analysis

The Group is mainly exposed to the currency of JPY.

The following table details the Group's sensitivity to a 10% (2018: 10%) increase and decrease in HK$ against JPY. The 10% are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% (2018: 10%) change in foreign currency rates.

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

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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

(i) Currency risk (Continued)

Sensitivity analysis *(Continued)*

	JPY	
	2019	2018
	HK$'000	HK$'000
Profit or loss	**598**	781

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate, secured bank borrowings and derivative financial instruments. As at 31 March 2019, approximately HK$46,000,000 (2018: HK$72,759,000) of the Group's secured bank borrowings were carried at variable rates.

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

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2018: 100 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If the interest rate on variable bank borrowings had been 100 basis points (2018: 100 basis points) higher or lower and all other variables held constant, the Group's post-tax profit for the year ended 31 March 2019 would decrease or increase by approximately HK$384,000 (2018: HK$595,000). This is mainly attributable to the Group's exposure to interest rates on its secured bank borrowings.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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

(iii) Other price risk

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is remained as 10% as last year considering the stability of the financial market.

As at 31 March 2019 and 2018, if the price of the respective listed equity instruments held had been 10% higher/lower:

Investment revaluation reserve as at 31 March 2019 would increase/decrease by approximately HK$380,000 (2018: HK$274,000), as a result of the changes in fair values of FVTOCI (2017: available for-sale investments).

(iv) Credit risk

At 31 March 2019 and 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

As at 31 March 2018, impairment loss was recognised when there was objective evidence of impairment loss.

Starting from 1 April 2018, for trade receivables and lease receivables (both included in trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on an individual basis for customer with significant balances, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-traded related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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

(iv) ***Credit risk*** *(Continued)*

The credit risk on liquid funds is limited because the counterparties are banks and financial institution with high credit ratings assigned by international credit rating agencies.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Internal or external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements
- significant increase in credit risk on other financial instruments of the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked its operation management team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management team uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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

(iv) ***Credit risk*** *(Continued)*

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising ECL**
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The details of the credit quality of the Group's trade and other receivables are disclosed in the respective notes.

As at 31 March 2019, the Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 99% (2018: 99%) of total trade receivables.

As at 31 March 2019 and 2018, no trade receivable was due from the Group's largest customers. As at 31 March 2019, 55% (2018: 55%) of the total trade receivables were due from the five largest customers within the corporate finance services segment.

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

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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

(v) Liquidity risk

As at 31 March 2019, the Group is exposed to liquidity risk as the Group has net current liabilities of approximately HK$23,367,000. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. The Group did not breach any of loan covenants during the two years ended 31 March 2019.

The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings.

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

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

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

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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

(v) ***Liquidity risk*** *(Continued)*

Liquidity tables

	On demand or within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2019						
Non-derivative financial liabilities						
Trade and other payables	8,836	2,110	–	–	10,946	10,946
Secured bank borrowings	38,643	12,465	36,334	107,740	195,182	169,847
Secured bank borrowings – not repayable within one year from the end of the reporting period but contain a repayment on demand clause	20,000	–	–	–	20,000	20,000
	67,479	14,575	36,334	107,740	226,128	200,793
Derivatives – net settlement						
Interest rate swaps	42	56	168	118	384	1,089

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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

(v) ***Liquidity risk*** *(Continued)*

Liquidity tables *(Continued)*

	On demand or within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2018						
Non-derivative financial liabilities						
Trade and other payables	10,242	2,324	–	–	12,566	12,566
Secured bank borrowings	57,819	12,647	33,547	116,615	220,628	192,114
Secured bank borrowings – not repayable within one year from the end of the reporting period but contain a repayment on demand clause	20,000	–	–	–	20,000	20,000
	88,061	14,971	33,547	116,615	253,194	224,680
Derivatives – net settlement						
Interest rate swaps	11	10	30	29	80	836

Secured bank borrowings with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. As at 31 March 2019, the aggregate undiscounted principal amounts of these secured bank borrowings amounted to approximately HK$20,000,000 (2018: HK$20,000,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such secured bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$24,184,000 (2018: HK$23,675,000).

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

8. FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	31 March 2019 HK$'000	31 March 2018 HK$'000		
Financial asset at FVTOCI/ Available-for-sale investments				
Listed equity securities	**3,800**	2,737	Level 1	Quoted bid prices in active market
Unlisted equity securities	**249**	N/A	Level 3	Reference to the capitalised income/ profit derived from existing operation*

* The higher the unobservable inputs (i.e. income/profit) of the existing business, the higher the fair value of the financial asset.

Financial liability at FVTPL				
Derivative financial liabilities	**1,089**	836	Level 2	Quoted from banks using discounted cash flows with observable forward interest rates from the market

8. FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

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

Reconciliation of level 3 fair value measurements of unlisted equity investments on recurring basis:

	HK$'000
At 31 March 2018	–
Adoption of HKFRS 9 (note 3)	193
Exchange realignment	56
At 31 March 2019	249

The fair value measurement of the financial liabilities at FVTPL (i.e. derivative financial liabilities/interest rate swaps) is based on the discounted cash flows calculated using the observable forward interest rates at the end of the reporting period and interest swap rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between levels of fair value hierarchy during the years ended 31 March 2019 and 2018.

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

9. REVENUE

Revenue represents revenue arising from provision of services and leasing of investment properties during the year. An analysis of the Group's revenue for the year is as follows:

	2019 HK$'000	2018* HK$'000
Revenue from contracts with customers within the scope of HKFRS 15 for the year ended 31 March 2019		
Disaggregated by the major services line:		
Corporate finance services (note 10)	**40,885**	36,476
Revenue from other source:		
Rental income from investment properties (Note)	**36,770**	34,485
	77,655	70,961

All the revenue generated during the year ended 31 March 2019 are recognised over time.

* The amounts for the year ended 31 March 2018 were recognised under HKAS 18.

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

	2019 HK$'000	2018 HK$'000
Gross rental income from investment properties	**36,770**	34,485
Less: direct operating expenses incurred for investment properties that generated rental income during the year (included in property expenses)	**(11,711)**	(11,162)
Net rental income	**25,059**	23,323

Transaction price allocated to the remaining performance obligations

As at 31 March 2019, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK$12,922,000. The amount represents revenue expected to be recognised in the future from mandate. The Group will recognise this revenue as the service is completed. As evaluated by the management, revenue of approximately HK$11,822,000 and HK$1,100,000 are expected to be recognised with 1 year and after 1 year respectively.

10. SEGMENT INFORMATION

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

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

(i) Corporate finance services – provision of corporate finance services including sponsorship, financial advisory and compliance advisory services; 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.

Year ended 31 March 2019

	Corporate finance services HK$'000	Property investment HK$'000	Total HK$'000
REVENUE			
External revenue and segment revenue	**40,885**	**36,770**	**77,655**
RESULT			
Segment profit	**21,800**	**39,209**	**61,009**
Other income and expenses, net			**(21,996)**
Share of results of associates			**19**
Finance costs			**(2,278)**
Profit before tax			**36,754**

10. SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2018

	Corporate finance services HK$'000	Property investment HK$'000	Total HK$'000
REVENUE			
External revenue and segment revenue	36,476	34,485	70,961
RESULT			
Segment profit	24,210	31,360	55,570
Other income and expenses, net			(20,128)
Share of results of associates			(568)
Finance costs			(2,319)
Profit before tax			32,555

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments, certain other income, share of results of associates and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

10. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

Segment assets

	2019 **HK$'000**	2018 HK$'000
Corporate finance services	**5,669**	4,266
Property investment	**601,973**	599,386
Total segment assets	**607,642**	603,652
Unallocated	**87,857**	103,184
Total assets	**695,499**	706,836

Segment liabilities

	2019 **HK$'000**	2018 HK$'000
Corporate finance services	**230**	215
Property investment	**155,689**	160,037
Total segment liabilities	**155,919**	160,252
Unallocated	**76,541**	94,576
Total liabilities	**232,460**	254,828

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

- all assets are allocated to operating segments other than property, plant and equipment, available-for-sale investments, financial assets at FVTOCI, club memberships, certain other receivables, interests in associates, deposits placed in financial institution, bank balances and cash and other corporate assets; and

- all liabilities are allocated to operating segments other than certain other payables, tax payable, certain secured bank borrowings, derivative financial liabilities, deferred tax liabilities and other corporate liabilities.

10. SEGMENT INFORMATION *(Continued)*

Other segment information

	Corporate finance services		Property investment		Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
For the year ended 31 March								
Amounts included in the measure of segment profit or segment assets:								
Additions to non-current assets (note)	**–**	–	**5,198**	126,236	**69**	510	**5,267**	126,746
Net increase in fair value of investment properties	**–**	–	**(19,439)**	(12,707)	**–**	–	**(19,439)**	(12,707)
Reversal of impairment losses of trade receivables	**–**	–	**–**	(5)	**–**	–	**–**	(5)
Impairment losses of trade receivables	**2,492**	–	**19**	–	**–**	–	**2,511**	–
Finance costs	**–**	–	**3,608**	3,174	**2,278**	2,319	**5,886**	5,493

10. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

	Corporate finance services		Property investment		Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
For the year ended 31 March								
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:								
Bank interest income	**–**	–	**–**	–	**(14)**	(37)	**(14)**	(37)
Dividend income from FVTOCI/ available-for-sale investments	**–**	–	**–**	–	**(118)**	(292)	**(118)**	(292)
Gain on disposal of held-for-trading investments	**–**	–	**–**	–	**–**	(42)	**–**	(42)
Changes in fair value of derivative financial liabilities	**–**	–	**–**	–	**596**	302	**596**	302
Depreciation of property, plant and equipment	**–**	–	**–**	–	**1,323**	1,318	**1,323**	1,318
Write off of property, plant and equipment	**–**	–	**–**	–	**1**	–	**1**	–
Impairment loss on available-for-sale investments	**–**	–	**–**	–	**–**	182	**–**	182
Share of results of associates	**–**	–	**–**	–	**(19)**	568	**(19)**	568
Interests in associates	**–**	–	**–**	–	**–**	2,945	**–**	2,945
Income tax expense	**–**	–	**–**	–	**6,065**	5,690	**6,065**	5,690

Note: Non-current assets excluded financial assets at FVTOCI, club memberships, available-for-sale investments and prepayment.

10. SEGMENT INFORMATION *(Continued)*

Revenue from major services

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

	2019	2018
	HK$'000	HK$'000
Sponsorship services	**30,138**	24,955
Financial advisory services	**6,727**	8,026
Compliance advisory services	**3,516**	3,275
Other corporate finance services	**504**	220
	40,885	36,476
Rental income	**36,770**	34,485
	77,655	70,961

Geographic information

The Group's operations are mainly located in Hong Kong and Japan.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets, excluding available-for-sale investments, financial assets at FVTOCI, club memberships and prepayment, is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**42,820**	38,268	**129,300**	117,353
Japan	**34,835**	32,693	**513,742**	527,107
	77,655	70,961	**643,042**	644,460

During the years ended 31 March 2019 and 2018, there was no single customer contributing over 10% of the Group's total revenue.

11. OTHER INCOME

	2019 HK$'000	2018 HK$'000
Bank interest income	**14**	37
Dividend income from FVTOCI/available-for-sale investments	**118**	292
Net exchange gain	**–**	1,071
Gain on disposal of held-for-trading investments	**–**	42
Reversal of impairment losses of trade receivables	**–**	5
Administrative fee income	**–**	1,601
	132	3,048

12. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interests on secured bank borrowings	**5,886**	5,493

13. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Current tax:		
Hong Kong Profits Tax	**910**	1,672
Japanese Corporate Income Tax	**89**	206
Japanese Withholding Tax	**1,939**	1,909
	2,938	3,787
Deferred taxation (note 28)	**3,127**	1,903
	6,065	5,690

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the year ended 31 March 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other entities of the Group in Hong Kong which are not qualified for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. For the year ended 31 March 2018, Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

13. INCOME TAX EXPENSE *(Continued)*

Under the Japan Corporate Income Tax Law, Japanese corporate income tax is calculated at 33.59% of the estimated assessable profits for the years ended 31 March 2019 (2018: 33.8%). However, regarding to the TK Arrangement, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for the years ended 31 March 2019 and 2018.

Japanese Withholding Tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for the years ended 31 March 2019 and 2018.

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.

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

	2019 **HK$'000**	2018 HK$'000
Profit before tax	**36,754**	32,555
Tax at the domestic income tax rates in the respective jurisdictions	**8,963**	6,813
Tax effect of share of results of associates	**–**	94
Tax effect of expenses not deductible for tax purpose	**1,125**	1,218
Tax effect of income not taxable for tax purpose	**(2,319)**	(1,839)
Income tax on concessionary rate	**(1,720)**	(769)
Tax effect of tax losses not recognised	**221**	213
Effect of two-tiered profits tax rates regime	**(165)**	–
Effect of tax exemptions granted (note)	**(40)**	(40)
Income tax expense	**6,065**	5,690

Details of deferred taxation are set out in note 28.

Note: A tax concession of 75%, subject to a ceiling of $20,000 (2018: HK$30,000) per company, for the Group's subsidiaries under Hong Kong jurisdiction for both years ended 31 March 2019 and 2018.

14. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	HK$'000
Profit for the year has been arrived at after charging (crediting):		
Staff cost, excluding directors' emoluments (note 15a):		
– Salaries, bonus and other benefits	**14,229**	10,910
– Contributions to retirement benefits scheme	**462**	376
– Reversal of provision for long service payment	**–**	(168)
Total staff costs excluding directors' emoluments	**14,691**	11,118
Auditors' remuneration	**980**	950
Depreciation of property, plant and equipment	**1,323**	1,318
Share based payments (note 38)		
– Share options	**1,782**	3,719
– Share Awards	**319**	–
Impairment loss of trade receivables	**2,511**	–
Expenses related to the proposed transfer of listing of the Company's shares to the Main Board of the Stock Exchange	**2,030**	–
Net exchange loss	**375**	–
Operating lease paid for rented office premises	**241**	197
Write off of property, plant and equipment	**1**	–

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

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

Year ended 31 March 2019

	Fees HK$'000	Salaries, and other benefits HK$'000	Discretionary bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Share based payments HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings						
Executive directors:						
Arnold Ip Tin Chee	–	600	–	18	–	618
Chang Sean Pey	–	1,979	2,645	18	1,174	5,816
Leung Churk Yin Jeanny	–	900	974	18	608	2,500
Independent non-executive directors:						
Chao Tien Yo	120	–	–	–	–	120
Chan Sun Kwong	120	–	–	–	–	120
Lee Shu Yin	120	–	–	–	–	120
Total emoluments	360	3,479	3,619	54	1,782	9,294

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

Year ended 31 March 2018

	Fees HK$'000	Salaries, and other benefits HK$'000	Discretionary bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Share based payments HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings						
Executive directors:						
Arnold Ip Tin Chee	–	600	–	18	–	618
Chang Sean Pey	–	1,654	2,058	18	2,450	6,180
Leung Churk Yin Jeanny	–	5,002	–	18	1,269	6,289
Independent non-executive directors:						
Chao Tien Yo	120	–	–	–	–	120
Chan Sun Kwong	120	–	–	–	–	120
Lee Shu Yin	120	–	–	–	–	120
Total emoluments	360	7,256	2,058	54	3,719	13,447

During the years ended 31 March 2019 and 2018, no director has been appointed as chief executive of the Company.

During the years ended 31 March 2019 and 2018, none of the directors of the Company waived or agreed to waive any emoluments.

During the years ended 31 March 2019 and 2018, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

In prior years, the ultimate holding company, KHHL, has issued share options to two of the directors of the Company. During the years ended 31 March 2019 and 2018, the fair value of the share option recognised is amounted to approximately HK$1,782,000 and HK$3,719,000 respectively. Details of the share options are set out in note 38.

The discretionary bonus is reviewed and approved by remuneration committee having regard to his performance and the Company's performance and profitability and the prevailing market conditions.

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, during the years ended 31 March 2019, two (2018: three) were directors of the Company whose emoluments are included in the note 15(a) above. The emoluments of the remaining three (2018: two) individuals were as follows:

	2019	2018
	HK$'000	HK$'000
Salaries and other benefits	**2,289**	1,942
Discretionary bonus	**1,868**	410
Contributions to retirement benefits scheme	**54**	36
Share based payments	**320**	–
	4,531	2,388

Their emoluments were within the following bands:

	2019	2018
	No. of Employees	No. of Employees
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**–**	2
HK$1,500,001 to HK$2,500,000	**2**	–

During the years ended 31 March 2019 and 2018, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. DIVIDENDS

During the year ended 31 March 2019, final dividends of HK$1,600,000 (HK0.2 cent per share) and special dividends of HK$400,000 (HK0.05 cent per share) in respect of the year ended 31 March 2018 and interim dividends of HK$1,600,000 (HK0.2 cent per share) in respect of the year ended 31 March 2019 was declared and paid to the shareholders of the Company.

Subsequent to the end of the reporting period, final dividends of HK$1,600,000 (HK0.2 cent per share) and special dividends of HK$160,000 (HK0.02 cent per share) in respect of the year ended 31 March 2019 has been proposed by the Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

During the year ended 31 March 2018, final dividends of HK$1,600,000 (HK0.2 cent per share) in respect of the year ended 31 March 2017 and interim dividends of HK$1,600,000 (HK0.2 cent per share) in respect of the year ended 31 March 2018 were declared and paid to the shareholders of the Company.

17. EARNINGS PER SHARE

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

Basic and diluted earnings per share

	2019 **HK$'000**	2018 HK$'000
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to the owners of the Company)	**29,746**	26,295

Number of shares

	2019 **'000**	2018 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**800,000**	800,000
Effect of dilutive potential ordinary share:		
Share awards (Note 38)	**3,090**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**803,090**	800,000

Diluted earnings per share are the same as basic earnings per share for the year ended 31 March 2018 as there were no dilutive potential ordinary shares during the year ended 31 March 2018.

18. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK$'000	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
COST				
At 1 April 2017	49,184	9,132	2,694	61,010
Additions	–	129	381	510
At 31 March 2018 and 1 April 2018	49,184	9,261	3,075	61,520
Additions	–	–	69	69
Write-off	–	–	(4)	(4)
At 31 March 2019	**49,184**	**9,261**	**3,140**	**61,585**
ACCUMULATED DEPRECIATION				
At 1 April 2017	4,924	9,056	2,367	16,347
Charged for the year	984	69	265	1,318
At 31 March 2018 and 1 April 2018	5,908	9,125	2,632	17,665
Charged for the year	984	78	261	1,323
Write-off	–	–	(3)	(3)
At 31 March 2019	**6,892**	**9,203**	**2,890**	**18,985**
CARRYING VALUES				
At 31 March 2019	**42,292**	**58**	**250**	**42,600**
At 31 March 2018	43,276	136	443	43,855

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

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

The Group has pledged its land and building with a carrying value of approximately HK$42,292,000 (2018: HK$43,276,000) to secure bank borrowings of the Group as at 31 March 2019.

19. INVESTMENT PROPERTIES AND INVESTMENT PROPERTY UNDER CONSTRUCTION

	2019 HK$'000	2018 HK$'000
Investment properties stated at fair value (note a)	**599,681**	595,973
Investment property under construction stated at cost (note b)	**761**	1,687
	600,442	597,660

Notes:

a) **Investment properties stated at fair value**

	HK$'000
At 1 April 2017	429,001
Exchange realignment	29,716
Additions	124,549
Net increase in fair value recognised in profit or loss	12,707
At 31 March 2018 and 1 April 2018	595,973
Exchange realignment	(21,783)
Transfer from investment property under construction	2,920
Additions	3,132
Net increase in fair value recognised in profit or loss	19,439
At 31 March 2019	**599,681**

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

For the investment property located in Hong Kong, the fair value of investment property at 31 March 2018 and 2019 has been arrived at on the basis of a valuation carried out by independent qualified professional valuer who is the member of The Hong Kong Institution of Surveyors and has recent experience in the location and category of the investment property being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions. Details of the valuation techniques and assumptions are discussed below.

For the investment properties located in Japan, the fair value of investment properties at 31 March 2018 and 31 March 2019 has been arrived at on the basis of a valuation carried out by the independent qualified professional valuers, who are the member of Japan Association of Real Estate Appraisers and has recent experience in the location and category of the investment properties being valued. The valuation was arrived at by using income method – direct capitalisation approach which involves estimation of income and expenses, taking into account of expected future changes in economic and social conditions. Details of the valuation techniques and assumptions are discussed below.

There has been no change from valuation technique used during the years ended 31 March 2018 and 2019. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

19. INVESTMENT PROPERTIES AND INVESTMENT PROPERTY UNDER CONSTRUCTION *(Continued)*

Notes: *(Continued)*

b) Investment property under construction stated at cost

	HK$'000
COST	
At 1 April 2017	–
Exchange realignment	78
Additions	1,609
At 31 March 2018 and 1 April 2018	1,687
Exchange realignment	(72)
Transfer from construction to investment property	(2,920)
Addition	2,066
Construction costs incurred at 31 March 2019	**761**

An investment property is located in Japan and under construction as at 31 March 2019 of HK$761,000 (2018: HK$1,687,000). The property interest held under construction as at 31 March 2019 and 2018 is stated at cost as the directors of the Company considered that the fair value of the investment property under construction cannot be reliably measured. Such property is held under operating leases to earn rentals or for capital appreciation purposes once completed.

The Group has pledged its investment properties with a carrying value of approximately HK$572,307,000 (2018: HK$570,256,000) to secure banking facilities granted to the Group as at 31 March 2019.

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

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Fair value as at 31 March 2019 HK$'000**
Investment properties	**–**	**86,700**	**512,981**	**599,681**

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Fair value as at 31 March 2018 HK$'000
Investment properties	–	73,500	522,473	595,973

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

19. INVESTMENT PROPERTIES AND INVESTMENT PROPERTY UNDER CONSTRUCTION *(Continued)*

The following table gives information about how the fair values of the investment properties as at 31 March 2019 and 2018 are determined (in particular, the valuation techniques and inputs used):

	Fair value hierarchy	**Fair value as at 31 March 2019 HK$'000**	Fair value as at 31 March 2018 HK$'000	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship key inputs and significant unobservable inputs to fair value
Investment property located in Hong Kong	Level 2	**86,700**	73,500	Market Comparison approach – by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available	N/A	N/A	N/A
Investment properties located in Japan	Level 3	**512,981**	522,473	Income method – direct capitalisation approach, by reference to capitalised income derived from exiting tenancies and the reversionary potential of the properties	– Capitalisation rate	Ranged from 3.0% to 6.5% (March 2018: 3.0% to 5.8%)	The higher the capitalisation rate, the lower the fair value

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

	Total HK$'000
At 1 April 2017	365,501
Exchange adjustments	29,716
Additions	124,549
Net increase in fair value recognised in profit or loss	2,707
At 31 March 2018 and 1 April 2018	522,473
Exchange adjustments	(21,981)
Transfer from investment property under construction	2,920
Additions	3,330
Net increase in fair value recognised in profit or loss	6,239
At 31 March 2019	**512,981**

During the year ended 31 March 2019, the net increase in fair value recognised in profit or loss of approximately HK$6,239,000 (2018: HK$2,707,000) are included in net increase in fair value of investment properties. Included in the net increase in fair value is amount of approximately HK$6,239,000 (2018: HK$2,707,000) that is attributable to the change in unrealised gains or losses relating to investment properties held at the end of the reporting period.

20. INTERESTS IN ASSOCIATES

	2019 **HK$'000**	2018 HK$'000
Costs of investments in associates, unlisted	–	2,752
Share of post-acquisition profits and other comprehensive income, net of dividends received	–	193
	–	2,945

As at 31 March 2019 and 2018, the Group had interests in the following associates:

Name of entity	**Form of entity**	**Place of incorporation/ operation**	**Class of shares held**	**Proportion of nominal value of issued capital and voting right held by the Group** **At 31 March 2019**	At 31 March 2018	**Principal activities**
Directly held						
Japan Regional Assets Manager Limited ("JRAM") (note i and ii)	Incorporated	Cayman Island	Ordinary	–	40%	Investment holding
KK Tenyu Asset Management (note ii)	Incorporated	Japan	Ordinary	–	40%	Asset management
Indirectly held						
Japan Residential Assets Manager Limited ("JRAM SG") (note i and ii)	Incorporated	Singapore	Ordinary	–	40%	Asset management

(i) The Group held 40% equity interests in JRAM which held 100% equity interests in JRAM SG, therefore, the Group effectively held 40% equity interest in JRAM SG. JRAM SG and JRAM have been liquidated during the year ended 31 March 2019.

(ii) The associates have been voluntary liquidated during the year ended 31 March 2019.

20. INTERESTS IN ASSOCIATES *(Continued)*

Summarised consolidated financial statements of associates

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

	2019	2018
	HK$'000	HK$'000
The Group's share of profit(loss) for the year	**19**	(568)
The Group's share of other comprehensive income for the year	**(1)**	732
The Group's share of total comprehensive income for the year	**–**	164
Dividends received by the Group from associates during the year	**2,963**	3,467

	2019	2018
	HK$'000	HK$'000
Carrying amount of the Group's interests in immaterial associates	**–**	2,945

21. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2018
	HK$'000
Listed investments (stated at fair value):	
– Equity securities listed in Hong Kong	2,737
Unlisted investments (stated at cost):	
– Debentures and club memberships	1,519
– Equity investment	139
	1,658
Total	4,395

Note:

The above unlisted equity investments represent investments in unlisted equity securities issued by private entity incorporated in Japan. They are measured at cost less impairment as at 31 March 2018 because the directors of the Company are of the opinion that their fair values cannot be measured reliably. The investments were reclassified to financial assets at FVTOCI upon adoption of HKFRS 9 on 1 April 2018.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31/3/2019	1/4/2018
	HK$'000	HK$'000
Equity instruments designated at FVTOCI		
– Listed	**3,800**	2,737
– Unlisted	**249**	193
Total	**4,049**	2,930

The fair value of these investments is disclosed in note 8.

The above unlisted equity investment represents investment in unlisted equity securities issued by private entities incorporated in Japan. Investments in listed equity securities represent the Group's investment in companies listed in Hong Kong. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	2019 HK$'000	2018 HK$'000
Receivables at amortised cost comprise:		
Trade receivables	7,955	3,947
Less: allowances for impairment of trade receivables	(2,511)	–
	5,444	3,947
Other receivables and prepayment (note i)	2,036	2,376
	7,480	6,323

Note i: As at 31 March 2019, included in other receivables and prepayment of approximately HK$297,000 (2018: HK$310,000) is due from a non-controlling shareholder of the Group. The amounts is unsecured, non-interest bearing and repayable on demand.

Note ii: As at 31 March 2019, lease receivables amounting to approximately HK$42,000 (2018: HK$26,000) are included in trade receivables. The remaining balance of approximately HK$5,402,000 (2018: HK$3,921,000) represented the trade receivables arising from contracts with customers.

	2019 HK$'000	2018 HK$'000
Analysed for reporting purpose:		
Current portion	7,430	6,212
Non-current portion	50	111
	7,480	6,323

a) The trade receivables are due upon the issuance of the invoices. The Group does not hold any collateral over these balances. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date which approximates the respective revenue recognition dates at the end of the reporting period. It also represented the ageing analysis of trade receivables which are past due but not impaired, at the end of the reporting periods.

	2019 HK$'000	2018 HK$'000
– Within 30 days	2,124	3,914
– More than 30 but within 60 days	1,567	3
– More than 60 but within 90 days	1,227	30
– More than 90 but within 180 days	526	–
	5,444	3,947

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENT *(Continued)*

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

	2019 **HK$'000**	2018 HK$'000
Balance at the beginning of the year	–	5
Impairment loss recognised	**2,511**	–
Reversal of impairment losses	–	(5)
Balance at the end of the year	**2,511**	–

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The expected credit losses on trade receivables and lease receivables are estimated individually by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Considered certain receivables are default, lifetime ECL - credit impaired of approximately HK$2,511,000 have been recognised for those debtors during the year ended 31 March 2019.

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

	2019 **HK$'000**	2018 HK$'000
Deposits	**193**	192
Prepayments	**1,157**	1,404
Other receivables	**686**	780
	2,036	2,376

The expected credit losses on other receivables are estimated individually by reference to past experience of default and their financial position and general economic condition of the industry at the reporting date. The internal credit rating of the other receivables are considered to be performing as at 31 March 2019 and 1 April 2018 as there has not been a significant change in the credit risk since initial recognition.

24. DEPOSITS PLACED IN FINANCIAL INSTITUTION/BANK BALANCES AND CASH

At 31 March 2019 and 2018, the deposits placed in financial institution and bank balances carried at fixed interest rates which ranged from 0.01% to 0.125% (2018: 0.01% to 0.9%) per annum.

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

	2019 **HK$'000**	2018 HK$'000
JPY	**7,164**	9,358

25. TRADE AND OTHER PAYABLES

	2019 **HK$'000**	2018 HK$'000
Trade payables	**101**	116
Other payables	**12,767**	14,491
	12,868	14,607
Analysed for reporting purposes:		
Current portion	**10,758**	12,283
Non-current portion	**2,110**	2,324
	12,868	14,607

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

Contract liabilities of approximately HK$710,000 include in other payable as at 1 April 2018 (31 March 2019: nil). The revenue recognised during the year ended 31 March 2019 that was included all in the contract liability as at 1 April 2018.

26. SECURED BANK BORROWINGS

	2019 HK$'000	2018 HK$'000
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
On demand	**20,000**	20,000
Within one year	**36,023**	54,770
After one year but within two years	**10,046**	9,852
After two years but within five years	**30,138**	26,229
After five years	**93,640**	101,263
	189,847	212,114
Carrying amount of bank borrowings that are not repayable on demand or within one year from the end of the reporting period but:		
– Contain a repayment on demand clause	**20,000**	20,000
Carrying amount repayable within one year	**36,023**	54,770
Amounts shown under current liabilities	**56,023**	74,770
Amounts shown under non-current liabilities	**133,824**	137,344
	189,847	212,114
The exposure of the Group's secured bank borrowings to interest rate risk is as follows:		
Fixed-rate borrowings	**143,847**	139,355
Variable-rate borrowings	**46,000**	72,759
	189,847	212,114

26. SECURED BANK BORROWINGS *(Continued)*

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

	2019	2018
Effective interest rate:		
Fixed-rate borrowings	**1.11% to 2.85%**	1.11% to 2.85%
Variable-rate borrowings	**1.65% to 4.82%**	1.65% to 3.53%

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

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

	At 31 March 2019 HK$'000	At 31 March 2018 HK$'000
Floating rate – expiring beyond one year	**57,500**	25,500

During the year, the Group obtained new loans in the amount of approximately HK$58,778,000 (2018: HK$144,821,000) and will be repayable ranged from 2019 to 2043 (2018: 2018 to 2043). The proceeds were used for general working capital purpose and to finance the acquisition of investment properties.

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

27. DERIVATIVE FINANCIAL INSTRUMENTS

	2019	2018
	Liabilities	Liabilities
	HK$'000	HK$'000
Interest rate swaps	**1,089**	836

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

Major terms of the interest rate swaps are as follows:

31 March 2019

Notional amount	**Maturity**	**Swaps**	
		From	**To**
JPY 57,750,000 (equivalent to approximately HK$4,089,000)	**30/9/2024**	**TIBOR + 1.40%**	**2.79%**
JPY 105,000,000 (equivalent to approximately HK$7,434,000)	**31/8/2036**	**TIBOR + 1.40%**	**2.26%**
JPY 130,000,000 (equivalent to approximately HK$9,204,000)	**30/9/2025**	**TIBOR + 1.20%**	**2.42%**
JPY 119,000,000 (equivalent to approximately HK$8,425,000)	**31/8/2027**	**TIBOR + 1.05%**	**2.33%**
JPY 243,751,000 (equivalent to approximately HK$17,258,000)	**28/12/2028**	**TIBOR + 0.75%**	**1.73%**

31 March 2018

Notional amount	Maturity	Swaps	
		From	To
JPY 68,250,000 (equivalent to approximately HK$5,044,000)	30/9/2024	TIBOR + 1.40%	2.79%
JPY 111,000,000 (equivalent to approximately HK$8,203,000)	31/8/2036	TIBOR + 1.40%	2.26%
JPY 150,000,000 (equivalent to approximately HK$11,085,000)	30/9/2025	TIBOR + 1.20%	2.42%
JPY 133,000,000 (equivalent to approximately HK$9,829,000)	31/8/2027	TIBOR + 1.05%	2.33%

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

28. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Undistributable profits of subsidiaries HK$'000	Total HK$'000
At 1 April 2017	280	20,005	(162)	20,123
Charged to profit or loss for the year (note 13)	–	1,903	–	1,903
Exchange realignment	–	1,240	–	1,240
At 31 March 2018 and 1 April 2018	280	23,148	(162)	23,266
Charged to profit or loss for the year (note 13)	227	2,900	–	3,127
Exchange realignment	–	(963)	–	(963)
At 31 March 2019	**507**	**25,085**	**(162)**	**25,430**

At 31 March 2019, the Group has unused estimated tax losses of approximately HK$4,249,000 (2018: HK$2,910,000), available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profits streams, such losses may be carried forward indefinitely.

29. SHARE CAPITAL

	Number of Ordinary shares	Share capital HK$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 1 April 2017, 31 March 2018 and 31 March 2019	**5,000,000,000**	**50,000**
Issued and fully paid:		
At 1 April 2017, 31 March 2018 and 31 March 2019	**800,000,000**	**8,000**

30. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES

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

Acquisition of additional interest in subsidiaries

For the year ended 31 March 2019

During the year ended 31 March 2019, the Group has acquired an additional 2.17% issued share capital of Smart Tact Property Investment Limited ("Smart Tact"), a subsidiary of the Group, from a non-controlling shareholder at cash consideration of approximately JPY17,580,000 (equivalent to approximately HK$1,220,000). This resulted in an increase in the Group's equity interest in Smart Tact from 87.8% to 90%. The carrying amounts of the interest acquired of approximately are HK$1,220,000 which is approximately the same as the consideration paid for the acquisition of additional interest.

For the year ended 31 March 2018

During the year ended 31 March 2018, the Group has acquired an additional 8.1% issued share capital of Japan Special Situation Investment Limited ("JSSI"), a subsidiary of the Group, from a non-controlling shareholder at cash consideration of approximately JPY23,603,000 (equivalent to approximately HK$1,642,000) and a loan assignment of approximately JPY4,314,000 (equivalent to approximately HK$300,000)). This resulted in an increase in the Group's equity interest in JSSI from 86.5% to 94.6%. Approximately HK$85,000 representing the difference between the carrying amounts of the interest acquired of approximately HK$1,427,000 consideration paid for the acquisition of additional interest of approximately HK$1,342,000 which was recognised in other reserve. Details of the acquisition are set out in an announcement dated 26 June 2017.

Disposal of equity interest in a subsidiary without loss of control

During the year ended 31 March 2018, the Group disposed of 10% equity interest in a wholly-owned subsidiary which was newly incorporated during the year, Lynton Gate Limited ("Lynton Gate"), to a non-controlling shareholder of the Group, at cash consideration of approximately HK$5,813,000. This resulted in a decrease in the Group's equity interest in Lynton Gate from 100% to 90%.

Approximately HK$20,000 representing the difference between the carrying amounts of the interest disposed of Lynton Gate of approximately HK$5,833,000 and the consideration received from the non-controlling shareholder was recognised in other reserve.

31. OPERATING LEASE COMMITMENTS

The Group as lessor

During the years ended 31 March 2019 and 2018, the Group's properties held for rental purpose are expected to generate rental yields of 6.1% and 5.7% respectively, on an ongoing basis. All of the properties held have committed tenants for the next one to nineteen years (2018: one to twenty years).

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

	2019 **HK$'000**	2018 HK$'000
Within one year	**4,704**	4,838
In the second to fifth year inclusive	**479**	2,393
	5,183	7,231

The Group as lessee

During the year ended 31 March 2019, the Group leased an office under non-cancellable operating lease agreements. The lease term is 2-3 years with fixed rental payment. The lease agreement is renewable at the end of the lease period at market rate (2018: 3 years).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	**252**	252
In the second to fifth years inclusive	**63**	315
	315	567

32. CAPITAL COMMITMENTS

	2019 **HK$'000**	2018 HK$'000
Capital expenditure in respect of construction of an investment property contracted for but not provided in the consolidated financial statements	**1,376**	602

33. RETIREMENT BENEFITS PLAN

Hong Kong

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

The total cost charged to profit or loss of approximately HK$516,000 (2018: HK$430,000) represents contributions payable to this scheme by the Group in respect of the current accounting period.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flow as cash flows from financing activities.

	Secured bank borrowings (note 26) HK$'000	Dividends payable (included in other payables) HK$'000	Interest payable (included in other payables) HK$'000	Total HK$'000
At 1 April 2018	212,114	–	72	212,186
Financing cash flows				
Addition	58,778	–	–	58,778
Repayment	(74,939)	(4,030)	(5,886)	(84,855)
Non-cash changes				
Exchange realignment	(6,106)	–	–	(6,106)
Finance costs incurred	–	–	5,886	5,886
Dividends declared	–	4,100	–	4,100
At 31 March 2019	**189,847**	**70**	**72**	**189,989**

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(Continued)*

	Secured bank borrowings (note 26) HK$'000	Dividends payable (included in other payables) HK$'000	Interest payable (included in other payables) HK$'000	Amount due to a director HK$'000	Contribution from non-controlling shareholders HK$'000	Total HK$'000
At 1 April 2017	137,996	–	54	483	–	138,533
Financing cash flows						
Addition	144,821	–	–	–	280	145,101
Repayment	(78,922)	(3,529)	(5,475)	(483)	–	(88,409)
Non-cash changes						
Exchange realignment	8,219	–	–	–	–	8,219
Finance costs incurred	–	–	5,493	–	–	5,493
Dividends declared	–	3,529	–	–	–	3,529
Additional capital injection in a subsidiary	–	–	–	–	(280)	(280)
At 31 March 2018	212,114	–	72	–	–	212,186

35. RELATED PARTY TRANSACTIONS

(a) Transactions

Except disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

Name of the related party	Relationship	Nature of transactions	2019 HK$'000	2018 HK$'000
KK Tenyu Asset Management	Associate	Asset management fee paid	–	(166)
		Guarantee fee paid	–	(83)
JRAM SG	Associate	Administrative fee income received (included in other income)	–	1,601

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

(b) Compensation of key management personnel

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

	2019 HK$'000	2018 HK$'000
Short-term benefits	11,195	12,061
Share based payments	2,102	3,719
Post employment benefits	114	106
	13,411	15,886

The remuneration of the directors of the Company and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current assets		
Investments in subsidiaries	**299,510**	299,510
Prepayment	**50**	70
	299,560	299,580
Current assets		
Other receivables and prepayment	**223**	205
Amounts due from subsidiaries	**69,230**	70,625
Bank balances and cash	**1,186**	320
	70,639	71,150
Current liabilities		
Accruals	**763**	780
Amounts due to subsidiaries	**3,280**	2,000
	4,043	2,780
Net current assets	**66,596**	68,370
	366,156	367,950
Capital and reserves		
Share capital	**8,000**	8,000
Reserves (note)	**358,156**	359,950
	366,156	367,950

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note: movements of the reserves:

	Share Premium HK$'000	Other reserve (Note) HK$'000	Shareholder contribution HK$'000	Share awards reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 April 2017	71,288	264,509	5,289	–	19,583	360,669
Loss for the year	–	–	–	–	(1,238)	(1,238)
Dividends paid	–	–	–	–	(3,200)	(3,200)
Contribution from shareholder	–	–	3,719	–	–	3,719
31 March 2018 and 1 April 2018	71,288	264,509	9,008	–	15,145	359,950
Loss for the year	–	–	–	–	(295)	(295)
Dividends paid	–	–	–	–	(3,600)	(3,600)
Share based payments	–	–	–	319	–	319
Contribution from shareholder	–	–	1,782	–	–	1,782
At 31 March 2019	**71,288**	**264,509**	**10,790**	**319**	**11,250**	**358,156**

Note:

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

37. PARTICULARS OF SUBSIDIARIES OF THE GROUP

Details of the Company's subsidiaries as at 31 March 2019 and 2018 are set out below.

Name of subsidiary	Form of business	Place of incorporation/ operation	Issued and fully paid-up share capital	Percentage of effective equity interest attributable to the Company		Proportion of voting power held by the Company		Principal activity
				2019	2018	**2019**	2018	
Directly held:								
Pleasant Hilltop Limited	Incorporated	The BVI	US$1	**100%**	100%	**100%**	100%	Investment holding
Whalehunter Investments Limited	Incorporated	The BVI	US$2	**100%**	100%	**100%**	100%	Investment holding
Indirectly held:								
Altus Capital	Incorporated	Hong Kong	HK$12,500,000	**100%**	100%	**100%**	100%	Financial advisory services and investment holding
Altus Investments	Incorporated	Hong Kong	HK$149,178,505	**100%**	100%	**100%**	100%	Investment holding
EXE Rise Shimodori Investor Limited	Incorporated	The BVI	JPY100,000	**90%**	90%	**90%**	90%	Investment holding
Galaxy Base Limited	Incorporated	Hong Kong	HK$50	**100%**	100%	**100%**	100%	Property investment
Godo Kaisha Bohol	Incorporated	Japan	JPY1,000,000	**90%** (note iv)	87.8%	**90%**	87.8%	Property investment
Godo Kaisha Choun	Incorporated	Japan	JPY10,000	**100%**	100%	**100%**	100%	Property investment
Godo Kaisha Yuzuha	Incorporated	Japan	JPY10,000	**90%**	90%	**90%**	90%	Property investment
Godo Kaisha Hayama Shouten	Incorporated	Japan	JPY10,000	**90%**	90%	**90%**	90%	Property investment
Godo Kaisha Mameha	Incorporated	Japan	JPY210,000	**78.7%**	78.7%	**78.7%**	78.7%	Property investment
I Corporation	Incorporated	The BVI	US$70	**80%**	80%	**80%**	80%	Investment holding
Residence Motoki	Incorporated	The BVI	JPY6,000,000 (2018: JPY6,000,000) (note i)	**78.7%**	78.7%	**78.7%**	78.7%	Investment holding
Smart Tact	Incorporated	The BVI	HK$9,220	**90%** (note iv)	87.8%	**90%**	87.8%	Investment holding
Starich Resources Limited	Incorporated	The BVI	US$8	**100%**	100%	**100%**	100%	Property investment, investment holding and providing administrative service
Yugen Kaisha Hourei	Incorporated	Japan	JPY3,000,000	**100%**	100%	**100%**	100%	Property investment
Yugen Kaisha Houten	Incorporated	Japan	JPY3,000,000	**100%**	100%	**100%**	100%	Property investment
JSSI	Incorporated	The BVI	US$3,700	**94.6%**	94.6%	**100%**	100%	Property investment
Lynton Gate	Incorporated	The BVI	US$10	**90%** (note ii)	90%	**90%**	90%	Property investment

37. PARTICULARS OF SUBSIDIARIES OF THE GROUP *(Continued)*

Notes:

(i) During the year ended 31 March 2018, the issued share capital has been increased by JPY3,000,000 after the completion of right issues of a subsidiary.

(ii) During the year ended 31 March 2018, 10% of the equity interest in Lynton Gate has been disposed of to a non-controlling shareholder of the Group. Details are set out in note 30.

(iii) None of the subsidiaries had any debt securities outstanding at the end of both years or during both years.

(iv) During the year ended 31 March 2019, 2.17% of the equity interest in Smart Tact and its subsidiary, GK Bohol has been acquired from a non-controlling shareholder of the Group. Details are set out in note 30.

38. EQUITY SETTLED SHARE BASED PAYMENTS TRANSACTIONS

(A) Share Option scheme

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

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

Date of grant	Number of instruments as at 31 March 2018	Number of instruments as at 31 March 2019	Vesting period	Contractual life of options	Exercise price
4 March 2016	12,474,000	–	12 months after listing date	42 months	HK$0.00004
4 March 2016	12,474,000	–	24 months after listing date	42 months	HK$0.00004
4 March 2016	12,852,000	**12,852,000**	36 months after listing date	42 months	HK$0.00004
	37,800,000	**12,852,000**			

The estimated fair value of the options granted on the grant date was approximately HK$11,320,000. During the year ended 31 March 2019, the Group recognises the total expense of approximately HK$1,782,000 (2018: HK$3,719,000) in relation to share options granted by KHHL. During the year ended 31 March 2019, the movement of the number of share options grants only represents the exercise of share options. In respect of the share options exercised during the year, the share price at the dates of exercise is HK$0.295. As at 31 March 2019, no share options are exercisable (2018: 12,474,000).

38. EQUITY SETTLED SHARE BASED PAYMENTS TRANSACTIONS *(Continued)*

(A) Share option scheme *(Continued)*

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

	4 March 2016 HK$
Weighted average share price at grant date	HK$0.773
Exercise price	HK$0.00004
Expected terms	42 months
Expected volatility	60.88%
Risk-free rate	0.99%
Expected dividend yield	2.00%

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

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

(B) Share awards to employees

On 25 June 2018, the Group has entered a deed of grant (the "Deeds") in relation to the award of shares of the Company to two employees of the Group ("Share Awards"). Such transactions have been approved in August 2018. 2,400,000 shares were awarded to each employee. According to the Deeds, 46.7% of the shares would be awarded after 31 December 2019; another 26.7% would be awarded after 31 December 2020; and the remaining shares would be awarded after 31 December 2021. The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. As such, the estimated fair values of the shares granted are approximately HK$1,680,000.

During the year ended 31 March 2019, shares based payments of approximately HK$319,000 has been recognised in the consolidated statement of profit or loss and other comprehensive income. A total of 4,800,000 Share Awards remain outstanding and unvested as at 31 March 2019 (2018: N/A). Details are set out in a circular of the Company dated 20 July 2018 and announcements of the Company dated 25 and 26 June 2018.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

AT 31 MARCH 2019

	Particulars	Use	Lease term	Lot No.	Percentage of Group's interest
	Land and buildings				
1.	No. 21 Wing Wo Street, Hong Kong	Commercial	Long-term	Sub-section 3 of Section C of Marine Lot No. 63 A	100.0%
	Investment properties				
	Hong Kong				
2.	8th Floor of Nos. 8-10 Duddell Street and No. 20 Ice House Street, Hong Kong	Commercial	Long-term	Inland Lot No. 339	100.0%
	Japan				
3.	Ark Palace Hiragishi	Residential	Freehold	Lot No. 31, Hiragishi 2-jo 7-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture	90.0%
4.	Kitano Machikado GH	Residential	Freehold	Lot No. 365-301, Kitano 5-Jo, 4-Chome, Kiyota-ku, Sapporo City, Hokkaido Prefecture	100.0%
5.	LC One	Residential cum office	Freehold	Lot No. 2-19, Kita 1jo Nishi 19-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture	90.0%
6.	Libress Hiragishi	Residential cum office	Freehold	Lot No. 3, Hiragishi 3jo 4-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture	100.0%
7.	Nouvelle 98	Residential	Freehold	Lot No. 533-14 and other lot, Minami 9jo Nishi 8-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture	100.0%
8.	Rakuyukan 36	Residential	Freehold	Lot No. 250-47, Minami 36jo Nishi 10-chome, Minami-ku, Sapporo City, Hokkaido Prefecture	94.6%

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

PARTICULARS OF PROPERTIES HELD BY THE GROUP

AT 31 MARCH 2019

	Particulars	Use	Lease term	Lot No.	Percentage of Group's interest
19.	Rise Shimodori EXE	Retail cum residential	Freehold	Lot No. 2-2 and other lots, Chuogai, Chuo-ku, Kumamoto City, Kumamoto Prefecture	90.0%
20.	Rise Fujisakidai	Residential	Freehold	Lot No. 2-30 and other lots, Shinmachi 3-chome, Chuo-ku, Kumamoto City, Kumamoto Prefecture	90.0%
21.	Rise Kumamoto Station South	Residential	Freehold	Lot No. 130-1, Nihongi 4-chome, Nishi-ku, Kumamoto City, Kumamoto Prefecture	90.0%
22.	Rise Shimodori	Residential	Freehold	Lot No. 5-4 and other lots, Chuogai, Chuo-ku, Kumamoto City, Kumoto Prefecture	90.0%
23.	Kagoshima Tenmonkan Building	Commercial	Freehold	Lot No. 5-2 Sennichicho, Kagoshima City, Kagoshima Prefecture, Japan	90.0%
24.	Shinoro House	Residential	Freehold	Lot No. 264-8, Sinoro 9 jo, Kita-ku, Sapporo-shi, Hokkaido	100.0%
25.	Kiyota7-3 *(Note)*	Residential	Freehold	Lot No. 21-305, 3 chome, 7 Jo, Kiyota, Kiyota Ku, Sapporo Shi, Hokkaido Prefecture	100.0%

Note: In March 2019, the Group acquired a parcel of land and subsequently under constructed. Kiyota 7-3 is an investment property under construction as at 31 March 2019.