



# ALTUS.

**Altus Holdings Limited**

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

## FY2020

### FIRST QUARTERLY 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.

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

## FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (collectively referred to as the “**Group**”) recorded an unaudited revenue of approximately HK\$16.5 million for the three months ended 30 June 2019 (“**1Q FY2020**”), representing an increase of approximately 3.7% when compared with approximately HK\$15.9 million for the three months ended 30 June 2018 (“**1Q FY2019**”).
- The Group recorded a net profit of approximately HK\$0.2 million in 1Q FY2020 as compared with a net loss of approximately HK\$1.4 million in 1Q FY2019. This was attributable to (i) principally the increase in the revenue from corporate finance services due to more billing milestone achievements for ongoing projects in 1Q FY2020; and (ii) an exchange gain of approximately HK\$0.1 million recorded in 1Q FY2020 compared to an exchange loss of approximately HK\$0.5 million recorded in 1Q FY2019.
- After deducting the profit attributable to non-controlling interests in 1Q FY2020 of approximately HK\$0.3 million, the Group recorded a loss attributable to owners of the Company of approximately HK\$0.1 million in 1Q FY2020. The loss attributable to owners of the Company in 1Q FY2019 was approximately HK\$1.5 million. The basic and diluted loss per share in 1Q FY2020 was HK0.01 cent and the basic and diluted loss per share in 1Q FY2019 was HK0.19 cent.
- The Directors do not recommend the payment of any interim dividend for 1Q FY2020.

## UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Group for 1Q FY2020, together with the unaudited comparative figures for 1Q FY2019, as follows:

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ACCOUNT FOR 1Q FY2019 AND 1Q FY2020

	<i>Notes</i>	<b>1Q FY2020 (Unaudited) HK\$'000</b>	1Q FY2019 (Unaudited) HK\$'000
Revenue	3	16,494	15,908
Other income	5	2,493	60
Changes in fair value of derivative financial liabilities		(71)	14
Property expenses		(5,129)	(2,776)
Administrative and operating expenses		(11,466)	(12,877)
Share of results of associates		–	(4)
Finance costs	6	(1,101)	(1,340)
<b>Profit/(Loss) before tax</b>		<b>1,220</b>	<b>(1,015)</b>
Income tax expense	7	(1,058)	(353)
<b>Profit/(Loss) for the period</b>	<b>8</b>	<b>162</b>	<b>(1,368)</b>
<b>Profit/(Loss) for the period attributable to:</b>			
Owners of the Company		(101)	(1,545)
Non-controlling interests		263	177
		<b>162</b>	<b>(1,368)</b>
		<b>HK cent</b>	<b>HK cent</b>
<b>Earnings/(Loss) per share</b>			
– Basic	10	(0.01)	(0.19)
– Diluted	10	(0.01)	(0.19)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE  
INCOME  
FOR 1Q FY2019 AND 1Q FY2020**

	<b>1Q FY2020 (Unaudited) HK\$'000</b>	1Q FY2019 (Unaudited) HK\$'000
<i>Notes</i>		
Profit/(Loss) for the period	<b>162</b>	(1,368)
<b>Other comprehensive income (expense) for the period</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Change in fair value of available-for-sale investments	–	(43)
Exchange differences arising on translation of foreign operations	<b>8,142</b>	(15,017)
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income	<b>135</b>	–
Other comprehensive income (expense) for the period	<b>8,277</b>	(15,060)
<b>Total comprehensive income (expense) for the period</b>	<b>8,439</b>	(16,428)
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	<b>7,904</b>	(16,157)
Non-controlling interests	<b>535</b>	(271)
	<b>8,439</b>	(16,428)

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2020

	Attributable to owners of the Company							Total HK\$'000			
	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
At 1 April 2019 (audited)	8,000	71,288	98,812	627	10,790	319	(16,727)	277,574	450,683	12,356	463,039
(Loss)/Profit for the period	-	-	-	-	-	-	-	(101)	(101)	263	162
Other comprehensive income (expense) for the period:											
- Change in fair value of available-for-sale investments	-	-	-	135	-	-	-	-	135	-	135
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	7,870	-	7,870	272	8,142
	-	-	-	135	-	-	7,870	-	8,005	272	8,277
Total comprehensive income (expense) for the period	-	-	-	135	-	-	7,870	(101)	7,904	535	8,439
Contribution from shareholder	-	-	-	-	132	-	-	-	132	-	132
Share based payments	-	-	-	-	-	123	-	-	123	-	123
At 30 June 2019 (unaudited)	8,000	71,288	98,812	762	10,922	442	(8,857)	277,473	458,842	12,891	471,733

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

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

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

*Notes:*

- (i) Share premium represents the difference between the shareholders' contribution and the issued capital and it is distributable.
- (ii) Other reserve mainly includes (i) the difference between the nominal value of the issued share capital of the Company and its subsidiaries and the net asset value of the subsidiaries of the Group, upon completion of the group reorganisation on 26 September 2016; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received arising from changes in the Group's ownership interests in existing subsidiaries that do not result in the loss of control and they are accounted for as equity transactions.
- (iii) Amounts represent the employee benefits borne by the ultimate holding company, Kinley-Hecico Holdings Limited ("KHHL").



## 1. GENERAL

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

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

The ultimate holding company is KHHL, a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability. KHHL is deemed to be interested in the Company through its wholly-owned subsidiary, Flying Castle Limited. KHHL is ultimately controlled by two parties, Ms. Chan Kit Lai, Cecilia (“**Ms. Chan**”) and Landmark Trust Switzerland SA (the “**Trustee**”), which the beneficiaries of the trust are Mr. Arnold Ip Tin Chee (“**Mr. Ip**”) and Ms. Lam Ip Tin Wai Chyvette (“**Ms. Ip**”).

The condensed consolidated financial statements of the Group for 1Q FY2020 (the “**Unaudited Condensed Consolidated Financial Statements**”) are unaudited, but have been reviewed by the Audit Committee of the Company. The Unaudited Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 8 August 2019.

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

## 2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the Unaudited Condensed Consolidated Financial Statements include applicable disclosure required by the GEM Listing Rules. The Unaudited Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial information for the year ended 31 March 2019 (the “2019 Financial Information”). The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2019 Financial Information except for the adoption of new or revised HKFRSs issued by the HKICPA, which are effective for the financial year of the Group beginning on 1 April 2019.

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

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

### (i) Adoption of new and amendments to HKFRSs

#### *Adoption of new and amendments to HKFRSs effective on 1 April 2019*

In 1Q FY2020, the Group has applied, for the first time, the following new and amendments to HKFRSs, which include HKFRS, HKAS, amendments and interpretations (“Int(s)”), issued by the HKICPA.

<i>HKFRS 16</i>	<i>Leases</i>
<i>Amendments to HKAS 19</i>	<i>Plan Amendment, Curtailment or Settlement</i>
<i>Amendments to HKAS 28</i>	<i>Long-term Interests in Associates and Joint Ventures</i>
<i>Amendments to HKFRS 9</i>	<i>Prepayment Features with Negative Compensation</i>
<i>HK(IFRIC)-Int 23</i>	<i>Uncertainty over Income Tax Treatments</i>
<i>Amendments to Annual Improvements Project</i>	<i>Annual Improvements 2015-2017 Cycle</i>

The application of the above new or amendments to HKFRS in 1Q FY2020 has had no material effect on the amounts reported in these Unaudited Condensed Consolidated Financial Statements and/or on the disclosures set out in these Unaudited Condensed Consolidated Financial Statements.

### 3. REVENUE

Revenue represents revenue arising from provision of services and leasing of investment properties during the periods.

	1Q FY2020 (Unaudited) HK\$'000	1Q FY2019 (Unaudited) HK\$'000
<b>Disaggregated by the major services line:</b>		
<b>Revenue from contracts with customers</b>		
Corporate finance services income	7,145	6,637
<b>Revenue from other source</b>		
Rental income from investment properties ( <i>Note</i> )	9,349	9,271
	<b>16,494</b>	<b>15,908</b>

All the revenue generated during 1Q FY2020 and 1Q FY2019 respectively are recognised over time.

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

	1Q FY2020 (Unaudited) HK\$'000	1Q FY2019 (Unaudited) HK\$'000
Gross rental income from investment properties	9,349	9,271
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	(5,129)	(2,776)
Net rental income	<b>4,220</b>	<b>6,495</b>

#### **Transaction price allocated to the remaining performance obligations**

As at 30 June 2019, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK\$7.8 million. 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\$6.7 million and HK\$1.1 million are expected to be recognised within 1 year and after 1 year respectively.

#### 4. SEGMENT INFORMATION

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

Specifically, the reportable and operating segments of the Group 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 revenue and results of the Group by reportable and operating segment.

	1Q FY2020			1Q FY2019		
	Corporate finance services	Property investment	Total	Corporate finance services	Property investment	Total
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>REVENUE</b>						
External revenue and segment revenue	7,145	9,349	16,494	6,637	9,271	15,908
<b>RESULT</b>						
Segment profit	3,119	5,574	8,693	1,382	5,307	6,689
Other income and expenses, net			(7,056)			(7,201)
Share of results of associates			–			(4)
Finance costs			(417)			(499)
Profit/(Loss) before tax			1,220			(1,015)

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

#### 4. SEGMENT INFORMATION (CONTINUED)

##### Revenue from major services

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

	1Q FY2020 (Unaudited) HK\$'000	1Q FY2019 (Unaudited) HK\$'000
Sponsorship services	4,407	4,196
Financial advisory services	1,524	1,518
Compliance advisory services	1,135	749
Others corporate finance services	79	174
	<hr/>	<hr/>
	7,145	6,637
Rental income	9,349	9,271
	<hr/>	<hr/>
	16,494	15,908

#### 5. OTHER INCOME

	1Q FY2020 (Unaudited) HK\$'000	1Q FY2019 (Unaudited) HK\$'000
Bank interest income	3	7
Claims payment from insurance company	2,419	–
Dividend income from financial assets at fair value through other comprehensive income/ available-for-sale investments	71	53
	<hr/>	<hr/>
	2,493	60

#### 6. FINANCE COSTS

	1Q FY2020 (Unaudited) HK\$'000	1Q FY2019 (Unaudited) HK\$'000
Interests on secured bank borrowings	1,098	1,340
Lease liability	3	–
	<hr/>	<hr/>
	1,101	1,340

## 7. INCOME TAX EXPENSE

	1Q FY2020 (Unaudited) HK\$'000	1Q FY2019 (Unaudited) HK\$'000
Current tax:		
Hong Kong profits tax	146	(668)
Japanese corporate income tax	(6)	42
Japanese withholding tax	614	533
	<b>754</b>	<b>(93)</b>
Deferred taxation	304	446
	<b>1,058</b>	<b>353</b>

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 1Q FY2020, 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 1Q FY2019, Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

Under the Japan Corporate Income Tax Law, Japanese corporate income tax is calculated at 33.59% of the estimated assessable profits for 1Q FY2020 (1Q FY2019: 33.8%). However, regarding to the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for 1Q FY2020 and 1Q FY2019.

Japanese withholding tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for 1Q FY2020 and 1Q FY2019.

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

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

	1Q FY2020 (Unaudited) HK\$'000	1Q FY2019 (Unaudited) HK\$'000
Profit/(Loss) for the period has been arrived at after charging:		
– Salaries, bonus and other benefits	3,936	4,617
– Contributions to retirement benefits scheme	117	106
<b>Total staff cost, excluding directors' emoluments</b>	<b>4,053</b>	<b>4,723</b>
Directors' emoluments	4,683	3,439
Auditors' remuneration	245	238
Depreciation of property, plant and equipment	321	334
Depreciation of right of use assets	61	–
Share based payments		
– Share options	132	445
– Share Awards (as defined below)	123	–
Expenses related to Proposed Transfer (as defined below)	156	–
Impairment loss on trade receivables	29	3
Net exchange (gain) loss	(122)	476
Operating lease paid for rented office premises	–	60

## 9. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during 1Q FY2020 (1Q FY2019: nil).

The Directors do not recommend the payment of any interim dividend for 1Q FY2020 (1Q FY2019: nil).

## 10. EARNINGS/(LOSS) PER SHARE

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

### Basic and diluted earnings/(loss) per share

	1Q FY2020 (Unaudited) HK\$'000	1Q FY2019 (Unaudited) HK\$'000
Earnings/(Loss) for the purpose of basic and diluted earnings/(loss) per share (Profit/(Loss) for the period attributable to owners of the Company)	(101)	(1,545)

### Number of shares

	30 June 2019 '000	30 June 2018 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	800,000	800,000
Effect of dilutive potential ordinary shares:		
Share Awards (as defined below)	4,287	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	804,287	800,000

Diluted earnings/(loss) per share are the same as basic earnings/(loss) per share for 1Q FY2019 as there were no dilutive potential ordinary shares outstanding.

## 11. CAPITAL COMMITMENT

	1Q FY2020 (Unaudited) HK\$'000	1Q FY2019 (Unaudited) HK\$'000
Capital expenditure in respect of construction of an investment property contracted for but not provided in the Unaudited Condensed Consolidated Financial Statements	539	–



## MANAGEMENT DISCUSSION AND ANALYSIS

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

### **Business Review**

For 1Q FY2020, the Group recorded an unaudited revenue of approximately HK\$16.5 million, representing an increase of approximately 3.7% as compared to 1Q FY2019. Corporate finance services contributed approximately 43.3% of the Group's revenue in 1Q FY2020, while the remaining portion of revenue was derived from property investment.

### **Corporate finance**

Revenue from corporate finance services of the Group for 1Q FY2020 increased by approximately 7.7% as compared to 1Q FY2019. This was mainly attributable to (i) the increase in revenue generated from sponsorship engagements due to more billing milestone achievements in 1Q FY2020; and (ii) the increase in revenue generated from compliance advisory services. The increase was partially offset by the decrease in the revenue generated from other corporate finance services from approximately HK\$0.2 million to approximately HK\$0.1 million over the same period. In respect of the revenue from major services under corporate finance services, revenue of sponsorship services increased from approximately HK\$4.2 million to approximately HK\$4.4 million over the same period and revenue of compliance advisory services increased from approximately HK\$0.7 million in 1Q FY2019 to approximately HK\$1.1 million in 1Q FY2020.

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

### **Property investment**

Revenue from property investment increased slightly by approximately 0.8% in 1Q FY2020, amounting to approximately HK\$9.3 million (1Q FY2019: approximately HK\$9.3 million) mainly due to (i) the improved occupancy rate for the portfolio in Japan; and (ii) the strengthening of Japanese Yen. During 1Q FY2020, the property investment portfolio of the Group consisted of 22 investment properties and one investment property under construction in Japan and one commercial unit in Hong Kong (“**Property(ies)**”) (1Q FY2019: 22 investment properties in Japan and one commercial unit in Hong Kong). The Property in Hong Kong was fully occupied during 1Q FY2020, while the occupancy rate for the portfolio in Japan remained stable at approximately 95.7% (1Q FY2019: approximately 95.4%).

In November 2018, a fire accident occurred in City Court Sugunami, an investment property located in Hokkaido prefecture, Japan. Due to this accident, during Q1 FY2020, the Group incurred an increase in repair and maintenance expenses which were, to a large extent, covered by insurance. In addition, the loss of income due to the incident was also covered by fire insurance. The Group received insurance compensation of approximately HK\$2.4 million which was recorded as other income.

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

The Group recorded a net profit of approximately HK\$0.2 million in 1Q FY2020 as compared with a net loss of approximately HK\$1.4 million in 1Q FY2019. This was attributable to (i) principally the increase in the revenue from corporate finance services due to more billing milestone achievements for ongoing projects in 1Q FY2020; and (ii) an exchange gain of approximately HK\$0.1 million recorded in 1Q FY2020 compared to an exchange loss of approximately HK\$0.5 million recorded in 1Q FY2019.

The abovementioned increases during the period under review were partially offset by (i) the increase in property expenses from approximately HK\$2.8 million in 1Q FY2019 to approximately HK\$5.1 million during 1Q FY2020 due to the repair expense for City Court Sugunami; and (ii) the increase in directors' remuneration and staff costs of approximately HK\$0.5 million during 1Q FY2020 when compared to 1Q FY2019. As a high proportion of discretionary bonuses are normally distributed to the Group's directors and staff in the first quarter of a financial year, the directors' remuneration and staff costs for the first quarter of a financial year may be relatively higher as compared to the remaining quarters for the rest of the financial year.

## **UPDATE RELATING TO THE PROPOSED TRANSFER**

On 30 July 2018, the Company submitted a formal application to the Stock Exchange for the proposed transfer of listing from GEM to Main Board of the Stock Exchange (the "**Proposed Transfer**"). The Company is currently weighing the costs and benefits of the Proposed Transfer in view of the prolonged time it has taken. We will keep shareholders of the Company and prospective investors informed of its progress as and when appropriate.

## **OUTLOOK**

The Directors expect the corporate finance business will continue to be adversely affected by uncertainties arising from (i) the recent unrest in Hong Kong; and (ii) the weak sentiment of the stock market due to the continuing Sino-US trade dispute and slowing global economies.

### **Corporate finance**

Noting that (i) several high profile companies have called off their initial public offering plans in recent months; and (ii) regulators have announced a series of updates in rules and regulations, the Directors believe that, in the near term, prospective listing applicants and listed companies may adopt a wait-and-see approach in their fund-raising or corporate action plans while monitoring and adapting to these developments.

In the face of these uncertainties, the Directors will endeavour to explore new business opportunities to maintain the Group's competitiveness in the industry.

### **Property investment**

The Group's property investment performance in Japan has been and is expected to remain stable. Meanwhile, the Directors believe that the recent political instability in Hong Kong and global uncertainties may have negative impact on the operations and valuation of our property in Hong Kong in the short to medium term.

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

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

### Interest or short positions in the shares of the Company:

Name of Director	Capacity and nature of interests	Notes	Number of the shares interested <sup>(Note 3)</sup>	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) 12,852,000 (S)	71.6 1.6
Mr. Chang Sean Pey ("Mr. Chang")	Beneficial owner	2	22,400,000(L)	2.8
Ms. Leung Churk Yin Jeanny ("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 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. 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 of the Company dated 30 September 2016) entered into between KHHL and each of Mr. Chang and Ms. Leung, KHHL granted call options to Mr. Chang and Ms. Leung, entitling them to purchase from KHHL up to 24,900,000 and 12,900,000 option shares (the “**Option Share(s)**”), representing approximately 3.1% and 1.6% of the issued share capital of the Company (without taking into account any shares which may be issued pursuant to the exercise of any options which may be granted under the share option scheme), at the exercise price of HK\$0.00004 per Option Share (subject to adjustment). As at 30 June 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 Listing Date.
- (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 <sup>(Note 1)</sup>	Approximate percentage shareholding (%)
Mr. Ip	KHHL <sup>(Note 2)</sup>	Beneficiary of a trust	204(L)	80.0
	I Corporation <sup>(Note 3)</sup>	Interest of spouse	14(L)	20.0
Ms. Leung	Residence Motoki Investment Limited (“ <b>Residence</b> ”)	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 owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Mr. Ip is one of the beneficiaries. By virtue of the SFO, Mr. Ip is deemed to be interested in the shares of KHHL held by the Trustee.
- (3) Pursuant to the SFO, Mr. Ip, the spouse of Ms. Ho Shuk Yee, Samantha (“**Ms. Ho**”), is deemed to be interested in the shares of I Corporation held by Ms. Ho.

Save as disclosed above, as at 30 June 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 its associated corporations” above and “Share Option Scheme” below, at no time during 1Q FY2020 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 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 <sup>(Note 1)</sup>	Approximate percentage of the total issued share capital of the Company (%)
Flying Castle Limited <sup>(Note 2)</sup>	Beneficial owner	570,052,000(L)	71.3
		12,852,000 (S) <sup>(Note 3)</sup>	1.6
KHHH <sup>(Note 2)</sup>	Interest in a controlled corporation	570,052,000(L)	71.3
		12,852,000 (S) <sup>(Note 3)</sup>	1.6
The Trustee	Trustee	570,052,000(L)	71.3
		12,852,000 (S) <sup>(Note 3)</sup>	1.6
Ms. Chan <sup>(Note 2)</sup>	Founder of a discretionary trust	570,052,000(L)	71.3
		12,852,000 (S) <sup>(Note 3)</sup>	1.6
	Beneficial owner	1,250,000(L)	0.2
Mr. Ip <sup>(Note 2)</sup>	Beneficiary of a trust	570,052,000(L)	71.3
		12,852,000 (S) <sup>(Note 3)</sup>	1.6
	Beneficial owner	1,250,000 (L)	0.2
	Interest of spouse	1,250,000 (L)	0.2
Ms. Ip <sup>(Note 2)</sup>	Beneficiary of a trust	570,052,000(L)	71.3
		12,852,000 (S) <sup>(Note 3)</sup>	1.6
	Beneficial owner	1,250,000(L)	0.2
Ms. Ho <sup>(Note 4)</sup>	Interest of spouse	571,302,000(L)	71.4
		12,852,000 (S) <sup>(Note 3)</sup>	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). As at 30 June 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 Listing Date.
- (4) Pursuant to the SFO, Ms. Ho, the spouse of Mr. Ip, is deemed to be interested in all the shares of the Company in which Mr. Ip is deemed to be interested.

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

Name of shareholder	Name of member of our Group	Capacity and nature of interest	Number of shares <sup>(Note)</sup>	Percentage of shareholding (%)
Ms. Ho	I Corporation	Beneficial owner	14(L)	20.0
Mr. Henry Shih	Smart Tract Property Investment Limited	Beneficial owner	922(L)	10.0
	Residence	Beneficial owner	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 30 June 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.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during 1Q FY2020 and up to the date of this report.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2019, the Group had 31 staff (30 June 2018: 29) in total. 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, the Group's profit as a whole and comparable market levels. Apart from salary payment, other staff benefits include share awards, provident fund contribution, medical insurance coverage, other allowances and benefits.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the "**Share Option Scheme**") by shareholder resolution passed on 26 September 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. During 1Q FY2020 and up to the date of this report, no share option was granted by the Company and there was no share option outstanding under the Share Option Scheme as at 30 June 2019.

## **SHARE AWARDS**

On 25 June 2018, the Company entered into the deeds of grant (the "**Deeds**") with two employees of the Group, pursuant to which the Company granted award of a total of 4,800,000 new shares of the Company, credited as fully paid, as an incentive bonus to such employees of the Group ("**2018 Share Awards**"). One of the employee is an executive director of a wholly-owned subsidiary of the Group, and is a connected person at the subsidiary level. The other employee is an independent third party. Details were set out in the circular of the Company dated 20 July 2018. At an extraordinary general meeting of the Company held on 8 August 2018, the Deeds were approved and a specific mandate to authorise the Directors to allot and issue up to an aggregate of 4,800,000 new shares of the Company in relation to the 2018 Share Awards was granted.



On 3 July 2019, the Board has resolved to award conditionally an aggregate of 1,940,000 new shares of the Company (the “**Awarded Shares**”) to nine grantees. One of the grantee, who was awarded with 750,000 new shares of the Company is an executive director of a wholly-owned subsidiary of the Group (the “**Connected Grant**”). Other grantees, who are awarded with 1,190,000 new shares of the Company, are employees of the Group (the “**Selected Employees Grant**”) and are independent third parties. The Connected Grant constitutes a non-exempt connected transaction under the GEM Listing Rules and is subject to reporting, announcement, independent finance advice and independent shareholders’ approval requirement under Chapter 20 of the GEM Listing Rules. Details are set out in the circular of the Company dated 22 July 2019.

At an extraordinary general meeting of the Company held on 8 August 2019 (the “**EGM**”), the deed of grant of share awards in relation to the Connected Grant was approved and a specific mandate was granted to the Directors to allot and issue up to 750,000 new shares of the Company in relation to the Connected Grant. Another specific mandate was granted to Directors to allot and issue up to 1,190,000 new shares of the Company in relation to Selected Employees Grant.

As at the date of this report, all the conditions precedent of the Connected Grant have been satisfied, namely (i) the Company has obtained the approval of the Stock Exchange for the listing of, and permission to deal in, the Awarded Shares; (ii) the shareholders of the Company who are not required to abstain from voting on resolutions proposed at the EGM have approved the Connected Grant and the specific mandate for Connected Grant; and (iii) the grantee of the Connected Grant has obtained all necessary consents and approvals that may be required to enable her to accept the Share Awards.

As at the date of this report, all the conditions precedent of the Selected Employees Grant have been satisfied, namely (i) the Company has obtained the approval of the Stock Exchange for the listing of, and permission to deal in, the Awarded Shares; (ii) the shareholders of the Company have approved the specific mandate for Selected Employees Grant; and (iii) the grantees of the Selected Employees Grant have obtained all necessary consents and approvals that may be required to enable him/her to accept the Share Awards.

## **CORPORATE GOVERNANCE**

Pursuant to Rules 17.22, and 17.24 of the GEM Listing Rules, the Company has complied with and does not have advances to any entity nor advances to affiliated companies. In addition, pursuant to Rule 17.23 of the GEM Listing Rules, (i) the major shareholders of the Company have not pledged any of the shares of the Company; and (ii) the controlling shareholders had entered into certain loan agreements with covenants relating to specific performance of controlling shareholders as described below.

The Board has reviewed the Group’s corporate governance practices and is satisfied that the Group has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rule during 1Q FY2020.

## DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiries with all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings in 1Q FY2020 to the date of this report. The Company has not been notified by Directors of any incident of non-compliance during such period.

## COMPETING INTERESTS

During 1Q FY2020, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

On 4 April 2019, an existing lender of the Group, Hang Seng Bank Limited, has pursuant to its periodic review, agreed to continue to make available a revolving loan facility in the same amount of HK\$47,650,000 to the Company's indirectly wholly-owned subsidiary, Starich Resources Limited (“**Starich**”). The bank facilities letter (the “**Hang Seng Facility Letter**”) was signed on 4 April 2019.

On 2 July 2019, the Group entered into a bank facility letter (the “**Dah Sing Facility Letter**”) under which Dah Sing Bank Limited agreed to make available to Starich a revolving loan facility in the amount of HK\$60,000,000 for investment and working capital purposes.

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

## AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Chan Sun Kwong. The other members are Mr. Chao Tien Yo and Mr. Lee Shu Yin respectively. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the risk management and internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to C.3.3 of the CG Code, the Audit Committee has reviewed the unaudited consolidated results of the Group for 1Q FY2020 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

## **BOARD OF DIRECTORS**

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

*Executive Directors:*

Mr. Arnold Ip Tin Chee

Mr. Chang Sean Pey

Ms. Leung Churk Yin Jeanny

*Independent non-executive Directors:*

Mr. Chao Tien Yo

Mr. Chan Sun Kwong

Mr. Lee Shu Yin

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

Hong Kong, 8 August 2019

*This report will remain on the website of GEM of the Stock Exchange at <http://www.hkgem.com> for at least 7 days from the date of its publication. This report will also be published and remains on website of the Company at <http://www.altus.com.hk>.*