



# ALTUS.

Altus Holdings Limited

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

## FY2020 INTERIM 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\$30.7 million for the six months ended 30 September 2019 (“**1H FY2020**”), representing a decrease of approximately 19.0% when compared with approximately HK\$37.9 million for the six months ended 30 September 2018 (“**1H FY2019**”).
- The Group recorded an underlying net profit of approximately HK\$3.5 million in 1H FY2020 compared with an underlying net profit of approximately HK\$4.3 million in 1H FY2019<sup>(Note)</sup>. The Group recorded a reported net profit of approximately HK\$3.5 million in 1H FY2020 compared with a reported net profit of approximately HK\$13.3 million in 1H FY2019.

Based on the Group’s unaudited financial information for 1H FY2020 and 1H FY2019, the decrease in the underlying profitability in 1H FY2020 was principally due to the decrease in revenue from corporate finance services. Such decrease was offset by lower expenses related to the proposed transfer of listing of the Company to the Main Board of the Stock Exchange (the “**Proposed Transfer**”) during 1H FY2020 amounted to approximately HK\$0.2 million (1H FY2019: HK\$1.8 million).

- The underlying basic and diluted earnings per share in 1H FY2020 was HK0.37 cent and the underlying basic and diluted earnings per share in 1H FY2019 was HK0.49 cent<sup>(Note)</sup>. The reported basic and diluted earnings per share in 1H FY2020 was HK0.37 cent and the reported basic and diluted earnings per share in 1H FY2019 was HK1.61 cents.
- The Directors recommend the payment of interim dividend of HK0.2 cent per share for 1H FY2020 (1H FY2019: HK0.2 cent per share).

*Note:* Underlying net profit excluded the net effect of fair value changes in the valuation of investment properties.

## UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 September 2019 (“**2Q FY2020**”) and 1H FY2020, together with the comparative unaudited figures for the three months ended 30 September 2018 (“**2Q FY2019**”) and 1H FY2019, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT FOR 1H FY2019 AND 1H FY2020

	Notes	2Q FY2020 (Unaudited) HK\$'000	2Q FY2019 (Unaudited) HK\$'000	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Revenue	3	14,197	21,962	30,691	37,870
Other income	5	2,625	30	5,118	90
Net increase in fair value of investment properties		–	9,000	–	9,000
Changes in fair value of derivative financial liabilities		77	41	6	55
Property expenses		(3,164)	(2,632)	(8,293)	(5,408)
Administrative and operating expenses		(7,873)	(10,195)	(19,339)	(23,072)
Share of results of associates		49	23	49	19
Finance costs	6	(1,297)	(1,493)	(2,398)	(2,833)
Profit before tax		4,614	16,736	5,834	15,721
Income tax expense	7	(1,310)	(2,084)	(2,368)	(2,437)
<b>Profit for the period</b>	8	<b>3,304</b>	<b>14,652</b>	<b>3,466</b>	<b>13,284</b>
Profit for the period attributable to:					
Owners of the Company		3,048	14,453	2,947	12,908
Non-controlling interests		256	199	519	376
		<b>3,304</b>	<b>14,652</b>	<b>3,466</b>	<b>13,284</b>

	<i>Notes</i>	<b>2Q FY2020 (Unaudited) HK\$'000</b>	2Q FY2019 (Unaudited) HK\$'000	<b>1H FY2020 (Unaudited) HK\$'000</b>	1H FY2019 (Unaudited) HK\$'000
Based on profit attributable to owners of the Company (reported earnings per share)		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
<b>Earnings per share</b>					
– Basic	<i>10a</i>	<b>0.38</b>	1.81	<b>0.37</b>	1.61
– Diluted	<i>10a</i>	<b>0.38</b>	1.81	<b>0.37</b>	1.61
Earnings per share excluding the net effect of fair value changes in investment properties net of deferred tax (underlying earnings per share)					
– Basic	<i>10b</i>	<b>0.38</b>	0.68	<b>0.37</b>	0.49
– Diluted	<i>10b</i>	<b>0.38</b>	0.68	<b>0.37</b>	0.49

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 1H FY2019 AND 1H FY2020

	2Q FY2020 (Unaudited) HK\$'000	2Q FY2019 (Unaudited) HK\$'000	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Profit for the period	3,304	14,652	3,466	13,284
<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	–	(77)	–	(120)
Exchange differences arising on translation of foreign operations	700	(10,315)	8,842	(25,332)
<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	151	–	286	–
Other comprehensive income (expense) for the period	851	(10,392)	9,128	(25,452)
Total comprehensive income (expense) for the period	4,155	4,260	12,594	(12,168)
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	3,681	4,366	11,584	(11,791)
Non-controlling interests	474	(106)	1,010	(377)
	4,155	4,260	12,594	(12,168)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019 and 30 September 2019

	<i>Notes</i>	As at 30 September 2019 (Unaudited) HK\$'000	As at 31 March 2019 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	42,018	42,600
Investment properties and investment property under construction	11	615,588	600,442
Interests in associates		405	–
Financial assets at fair value through other comprehensive income	12	1,878	4,049
Club memberships		1,719	1,718
Right of use asset		184	–
Prepayment	13	41	50
		<b>661,833</b>	<b>648,859</b>
<b>Current assets</b>			
Trade and other receivables	13	2,985	7,430
Deposits placed in financial institution		768	929
Bank balances and cash		37,037	38,281
		<b>40,790</b>	<b>46,640</b>
<b>Current liabilities</b>			
Trade and other payables	14	9,882	10,758
Tax payable		4,144	3,226
Secured bank borrowings	15	52,019	56,023
		<b>66,045</b>	<b>70,007</b>
<b>Net current liabilities</b>		<b>(25,255)</b>	<b>(23,367)</b>
<b>Total assets less current liabilities</b>		<b>636,578</b>	<b>625,492</b>

	<i>Notes</i>	<b>As at 30 September 2019 (Unaudited) HK\$'000</b>	<b>As at 31 March 2019 (Audited) HK\$'000</b>
<b>Non-current liabilities</b>			
Secured bank borrowings	<i>15</i>	<b>132,087</b>	133,824
Derivative financial instruments	<i>16</i>	<b>911</b>	1,089
Other payables – tenant deposits – over 1 year	<i>14</i>	<b>2,103</b>	2,110
Lease liability		<b>184</b>	–
Deferred tax liabilities		<b>26,952</b>	25,430
		<b>162,237</b>	162,453
		<b>474,341</b>	463,039
<b>Capital and reserves</b>			
Share capital	<i>17</i>	<b>8,000</b>	8,000
Reserves		<b>453,078</b>	442,683
Equity attributable to owners of the Company		<b>461,078</b>	450,683
Non-controlling interests		<b>13,263</b>	12,356
		<b>474,341</b>	463,039



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1H FY2020

	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 2019 (audited)	8,000	71,288	98,812	627	10,790	319	(16,727)	277,574	450,683	12,356	463,039
Profit for the period	-	-	-	-	-	-	-	2,947	2,947	519	3,466
Other comprehensive income for the period:											
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	286	-	-	-	-	286	-	286
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	8,351	-	8,351	491	8,842
	-	-	-	286	-	-	8,351	-	8,637	491	9,128
Total comprehensive income for the period	-	-	-	286	-	-	8,351	2,947	11,584	1,010	12,594
Contribution from shareholder (note (iii))	-	-	-	-	264	-	-	-	264	-	264
Share based payments	-	-	-	-	-	307	-	-	307	-	307
Dividend paid to non-controlling shareholders (note 9)	-	-	-	-	-	-	-	-	-	(103)	(103)
Dividend paid (note 9)	-	-	-	-	-	-	-	(1,760)	(1,760)	-	(1,760)
At 30 September 2019 (unaudited)	8,000	71,288	98,812	913	11,054	626	(8,376)	278,761	461,078	13,263	474,341

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1H FY2019

	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 (audited)	8,000	71,288	98,812	241	9,008	-	(1,092)	251,428	437,685	14,323	452,008
Profit for the period	-	-	-	-	-	-	-	12,908	12,908	376	13,284
Other comprehensive income (expenses) for the period:											
Change in fair value of a available-for-sale investments	-	-	-	(120)	-	-	-	-	(120)	-	(120)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(24,579)	-	(24,579)	(753)	(25,332)
	-	-	-	(120)	-	-	(24,579)	-	(24,699)	(753)	(25,452)
Total comprehensive (expense) income for the period	-	-	-	(120)	-	-	(24,579)	12,908	(11,791)	(377)	(12,168)
Contribution from shareholder	-	-	-	-	891	-	-	-	891	-	891
Vesting of employees share awards	-	-	-	-	-	74	-	-	74	-	74
Dividend paid (note 9)	-	-	-	-	-	-	-	(2,000)	(2,000)	(231)	(2,231)
At 30 September 2018 (unaudited)	8,000	71,288	98,812	121	9,899	74	(25,671)	262,336	424,859	13,715	438,574

## CONDENSED CONSOLIDATED STATEMENT 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 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, Kinley-Hecico Holdings Limited ("KHHL").

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR 1H FY2019 AND 1H FY2020

	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Cash generated from operations		
Decrease in trade and other receivables	5,990	1,087
Decrease in trade and other payables	(1,065)	(733)
Other operating cash flows	7,739	11,029
	<b>12,664</b>	<b>11,383</b>
Income tax paid	(546)	(848)
<b>Net cash generated from operating activities</b>	<b>12,118</b>	<b>10,535</b>
Purchase of financial assets at fair value through other comprehensive income ("FVTOCI")/ available-for-sale investments	(257)	(544)
Proceed from disposal of FVTOCI	2,349	-
Acquisition of investment in associate	(356)	-
Dividend received from associates	-	2,908
Dividend received from FVTOCI/available-for-sale investments	96	76
Purchases/construction of investment properties	(2,073)	(3,593)
Purchases of property, plant and equipment	(35)	(37)
Other investing cash flows	6	14
<b>Net cash used in investing activities</b>	<b>(270)</b>	<b>(1,176)</b>
Interest paid	(2,611)	(2,956)
New borrowings raised	52,742	4,000
Repayment of borrowings	(62,122)	(12,680)
Dividend paid	(1,817)	(2,231)
<b>Net cash used in financing activities</b>	<b>(13,808)</b>	<b>(13,867)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,960)</b>	<b>(4,508)</b>
Cash and cash equivalents at beginning of period	39,210	51,659
Effect of foreign exchange rate changes	555	(1,905)
<b>Cash and cash equivalents at end of period</b>	<b>37,805</b>	<b>45,246</b>
Analysis of components of cash and cash equivalents:		
Deposits placed in financial institution	768	132
Bank balances and cash	37,037	45,114
	<b>37,805</b>	<b>45,246</b>

## 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 1H FY2020 (the “**Unaudited Condensed Consolidated Interim Financial Statements**”) are unaudited, but have been reviewed by the Audit Committee of the Company. The Unaudited Condensed Consolidated Interim Financial Statements were approved and authorised for issue by the Directors on 11 November 2019.

The Unaudited Condensed Consolidated Interim 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 OF CONSOLIDATED FINANCIAL INFORMATION

The Unaudited Condensed Consolidated Interim 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 Interim Financial Statements include applicable disclosure required by the GEM Listing Rules. The Unaudited Condensed Consolidated Interim 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 Interim 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 Interim 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 1H 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 1H FY2020 has had no material effect on the amounts reported in these Unaudited Condensed Consolidated Interim Financial Statements and/or on the disclosures set out in these Unaudited Condensed Consolidated Interim Financial Statements.

### 3. REVENUE

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

	2Q FY2020 (Unaudited) HK\$'000	2Q FY2019 (Unaudited) HK\$'000	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
<b>Disaggregated by the major services line:</b>				
<b>Revenue from contracts with customers</b>				
Corporate finance services income	4,389	12,916	11,534	19,554
<b>Revenue from other source</b>				
Rental income from investment properties (Note)	9,808	9,046	19,157	18,316
	<b>14,197</b>	<b>21,962</b>	<b>30,691</b>	<b>37,870</b>

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

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

	2Q FY2020 (Unaudited) HK\$'000	2Q FY2019 (Unaudited) HK\$'000	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Gross rental income from investment properties	9,808	9,046	19,157	18,316
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	(3,164)	(2,632)	(8,293)	(5,408)
Net rental income	<b>6,644</b>	<b>6,414</b>	<b>10,864</b>	<b>12,908</b>

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

In accordance with HKFRS 15 Revenue from Contracts with Customers, the information about the allocation of transaction price to the remaining obligations is disclosed as follow. As at 30 September 2019, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK\$10.1 million. The amount represents revenue expected to be recognised in the future from various mandates. The Group will recognise this revenue as the service is completed. As evaluated by the management, revenue of approximately HK\$9.0 million and approximately 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.

	2Q FY2020			2Q 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	4,389	9,808	14,197	12,916	9,046	21,962
<b>RESULT</b>						
Segment profit (Note)	2,750	5,613	8,363	9,234	14,249	23,483
Other income and expenses, net			(3,299)			(6,101)
Share of results of associates			49			23
Finance costs			(499)			(669)
Profit before tax			4,614			16,736



#### 4. SEGMENT INFORMATION (CONTINUED)

	1H FY2020			1H FY2019		
	Corporate	Property	Total	Corporate	Property	Total
	finance	investment		finance	investment	
	services	(Unaudited)	(Unaudited)	services	(Unaudited)	(Unaudited)
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>REVENUE</b>						
External revenue and segment revenue	11,534	19,157	30,691	19,554	18,316	37,870
<b>RESULT</b>						
Segment profit <i>(Note)</i>	5,869	11,186	17,055	10,616	19,556	30,172
Other income and expenses, net			(10,354)			(13,302)
Share of results of associates			49			19
Finance costs			(916)			(1,168)
Profit before tax			5,834			15,721

*Note:* No change in fair value of investment properties has been included in the segment profit of the property investment segment during 1H FY2020 (1H FY2019: HK\$9.0 million).

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)

##### Segment Assets and Liabilities

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
<b>Segment assets</b>		
Corporate finance services	657	5,669
Property investment	617,830	601,973
<b>Total segment assets</b>	<b>618,487</b>	<b>607,642</b>
Unallocated	84,136	87,857
<b>Total assets</b>	<b>702,623</b>	<b>695,499</b>
	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
<b>Segment liabilities</b>		
Corporate finance services	105	230
Property investment	153,879	155,689
<b>Total segment liabilities</b>	<b>153,984</b>	<b>155,919</b>
Unallocated	74,298	76,541
<b>Total liabilities</b>	<b>228,282</b>	<b>232,460</b>

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, fair value through other comprehensive income, 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 payable, tax payable, certain secured bank borrowings, derivative financial liabilities, deferred tax liabilities and other corporate liabilities.

#### 4. SEGMENT INFORMATION (CONTINUED)

##### Revenue from major services

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

	2Q FY2020 (Unaudited) HK\$'000	2Q FY2019 (Unaudited) HK\$'000	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Sponsorship services	1,691	9,839	6,098	14,036
Financial advisory services	1,298	2,126	2,822	3,643
Compliance advisory services	1,105	779	2,240	1,528
Other corporate finance services	295	172	374	347
	4,389	12,916	11,534	19,554
Rental income	9,808	9,046	19,157	18,316
	14,197	21,962	30,691	37,870

#### 5. OTHER INCOME

	2Q FY2020 (Unaudited) HK\$'000	2Q FY2019 (Unaudited) HK\$'000	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Bank interest income	3	6	6	13
Claims payment from insurance company	104	–	2,523	–
Dividend income from FVTOCI/available-for-sale investments	26	24	97	77
Reversal of impairment loss of trade receivables	2,492	–	2,492	–
	2,625	30	5,118	90

#### 6. FINANCE COSTS

	2Q FY2020 (Unaudited) HK\$'000	2Q FY2019 (Unaudited) HK\$'000	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Interests on bank borrowings	1,295	1,493	2,393	2,833
Lease liability	2	–	5	–
	1,297	1,493	2,398	2,833

## 7. INCOME TAX EXPENSE

	<b>2Q FY2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2Q FY2019 (Unaudited) HK\$'000	<b>1H FY2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	1H FY2019 (Unaudited) HK\$'000
Current tax:				
Hong Kong profits tax	86	1,073	233	404
Japanese corporate income tax	23	44	16	86
Japanese withholding tax	595	537	1,209	1,070
	<b>704</b>	1,654	<b>1,458</b>	1,560
Deferred taxation	<b>606</b>	430	<b>910</b>	877
	<b>1,310</b>	2,084	<b>2,368</b>	2,437

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 1H 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 1H 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 1H FY2020 (1H FY2019: 33.8%). However, regarding to the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for 1H FY2020 and 1H FY2019.

Japanese withholding tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for 1H FY2020 and 1H 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 FOR THE PERIOD

	2Q FY2020 (Unaudited) HK\$'000	2Q FY2019 (Unaudited) HK\$'000	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Profit for the period has been arrived at after charging:				
– Salaries, bonus and other benefits	2,831	2,927	6,767	7,544
– Contributions to retirement benefits schemes	111	116	228	222
<b>Total staff costs, excluding directors' emoluments</b>	<b>2,942</b>	<b>3,043</b>	<b>6,995</b>	<b>7,766</b>
Directors' emoluments	690	1,280	5,373	4,629
Auditors' remuneration	168	238	413	475
Depreciation of property, plant and equipment	296	333	617	667
Depreciation of right of use assets	62	–	123	–
Share based payments				
– Option Shares (as defined below)	132	446	265	892
– 2018 Share Awards and 2019 Share Awards (as defined below)	184	73	307	73
Expenses related to the Proposed Transfer	47	1,569	203	1,791
Net exchange loss/(gain)	25	147	(96)	623

## 9. DIVIDENDS

	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Dividends recognised as distribution to non-controlling interests during the periods by:		
Smart Tact Property Investment Limited (“Smart Tact”)		
2018 interim, paid – JPY818 per share (equivalent to HK\$58 per share)	–	65
I Corporation		
2019 interim, paid – JPY9,057 per share (equivalent to HK\$654 per share)	10	–
2018 interim, paid – JPY22,885 per share (equivalent to HK\$1,618 per share)	–	22
EXE Rise Shimodori Investor Limited (“EXE”)		
2019 interim, paid – JPY44,047 per share (equivalent to HK\$3,180 per share)	32	–
2018 interim, paid – JPY43,784 per share (equivalent to HK\$3,096 per share)	–	31
Residence Motoki Investment Limited (“Residence”)		
2019 interim, paid – JPY500 per share (equivalent to HK\$36 per share)	46	–
Lynton Gate Limited (“Lynton”)		
2019 interim, paid – JPY219,972 per share (equivalent to HK\$15,882 per share)	15	–
2018 interim, paid – JPY1,601,561 per share (equivalent to HK\$113,230 per share)	–	113
	<b>103</b>	<b>231</b>

The Directors recommend the payment of interim dividend of HK0.2 cent per share for 1H FY2020 (1H FY2019: HK0.2 cent per share).

## 10. EARNINGS PER SHARE

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

### (a) Number of shares

	30 September 2019 '000	30 September 2018 '000	30 September 2019 '000	30 September 2018 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	800,000	800,000	800,000	800,000
Effect of dilutive potential ordinary shares:				
Share Awards (as defined below)	5,779	209	5,779	209
Weighted average number of ordinary shares for the purpose of diluted earnings per share	805,779	800,209	805,779	800,209

### (b) Reported earnings

	2Q FY2020 (Unaudited) HK\$'000	2Q FY2019 (Unaudited) HK\$'000	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	3,048	14,453	2,947	12,908

## 10. EARNINGS PER SHARE (CONTINUED)

### (c) Underlying earnings

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profits attributable to the owners of the Company which excluded the net effect of changes in the valuation of investment properties. A reconciliation of profits is as follow:

	2Q FY2020 (Unaudited) HK\$'000	2Q FY2019 (Unaudited) HK\$'000	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share (Profit attributable to the owners of the Company)	3,048	14,453	2,947	12,908
Increase in fair value of investment properties	–	(9,000)	–	(9,000)
Earnings for the purpose of basic and diluted earnings per share (Underlying profit attributable to the owners of the Company)	3,048	5,453	2,947	3,908



## 11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES AND INVESTMENT PROPERTY UNDER CONSTRUCTION

During the 1H FY2020, the Group spent approximately HK\$35,000 (1H FY2019: HK\$37,000) on additions to properties, plant and equipment and approximately HK\$2,073,000 (1H FY2019: HK\$3,593,000) on additions to and purchase of investment properties.

The Group has pledged land and building with a carrying value of approximately HK\$41,801,000 and approximately HK\$42,292,000 to secure bank borrowings of the Group as at 30 September 2019 and 31 March 2019 respectively.

The Group has pledged investment properties with a carrying value of approximately HK\$584,036,000 and approximately HK\$572,307,000 to secure bank borrowings of the Group as at 30 September 2019 and 31 March 2019 respectively.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
Equity instruments designated at FVTOCI		
– Listed	1,629	3,800
– Unlisted	249	249
<b>Total</b>	<b>1,878</b>	<b>4,049</b>

The above unlisted equity investment represent 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 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.

### 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
Receivables at amortised cost comprise:		
Trade receivables ( <i>Note i</i> )	608	7,955
<i>Less:</i> allowances for impairment of trade receivables	(61)	(2,511)
	547	5,444
Other receivables and prepayment ( <i>Note ii</i> )	2,479	2,036
	3,026	7,480

*Notes:*

- (i): As at 30 September 2019, lease receivables amounting to approximately HK\$92,000 (as at 31 March 2019: HK\$42,000) are included in trade receivables. The remaining balances of approximately HK\$516,000 (as at 31 March 2019: HK\$5,402,000) represented the trade receivable arising from contracts with customers.
- (ii): As at 30 September 2019, included in other receivables and prepayment of approximately HK\$305,000 (as at 31 March 2019: HK\$297,000) is due from a non-controlling shareholder of the Group. The amount is unsecured, non-interest bearing and repayable on demand.

### 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (CONTINUED)

- 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 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.

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
– Within 30 days	288	2,124
– More than 30 but within 60 days	166	1,567
– More than 60 but within 90 days	61	1,227
– More than 90 but within 180 days	32	526
	547	5,444

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

	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Balance at the beginning of the period	2,511	–
Impairment loss recognised	42	–
Reversal of impairment losses	(2,492)	–
	61	–

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 expected credit losses – credit impaired of approximately HK\$42,000 have been recognised for those debtors during 1H FY2020 (1H FY2019: HK\$ nil).

### 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (CONTINUED)

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

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
Deposits	193	193
Prepayments	1,531	1,157
Other receivables	755	686
	<b>2,479</b>	<b>2,036</b>

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. An internal credit rating review has been conducted on the other receivables as at 30 September 2019. Based on such review, the internal credit rating of the other receivables are considered to be performing as there has not been a significant change in the credit risk since initial recognition.

### 14. TRADE AND OTHER PAYABLES

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
Trade payables	111	101
Other payables	11,874	12,767
	<b>11,985</b>	<b>12,868</b>

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

## 15. SECURED BANK BORROWINGS

During 1H FY2020, the Group obtained new secured bank borrowings from existing bank facilities in an aggregate amount of approximately HK\$12,742,000 (1H FY2019: HK\$4,000,000). The proceed was mainly used for general working capital purpose.

During 1H FY2020, the Group repaid secured bank borrowings in an aggregate amount of approximately HK\$22,122,000 (1H FY2019: HK\$12,680,000).

During 1H FY2020, the Group refinanced an amount of HK\$40,000,000 from an existing bank facility by a new bank facility (1H FY2019: HK\$ nil).

The secured bank borrowings of the Group carry effective interest rates (which are also equal to contracted interest rates) at fixed interest rates ranging from 1.11% to 2.85% per annum (for the year ended 31 March 2019: 1.11% to 2.79%) and at variable interest rates ranging from 1.88% to 5.03% per annum (for the year ended 31 March 2019: 1.65% to 4.04%).

The maturity periods of the secured bank borrowings range from one month to 24 years (as at 31 March 2019: one month to 25 years).

As at 30 September 2019 and 31 March 2019, the Group's bank borrowings were secured by the land and building and certain investment properties of the Group as disclosed in note 11 above.

## 16. DERIVATIVE FINANCIAL INSTRUMENTS

	At 30 September 2019 (Unaudited) Liabilities HK\$'000	At 31 March 2019 (Audited) Liabilities HK\$'000
Interest rate swaps	911	1,089

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

## 17. SHARE CAPITAL

The Company	Number of ordinary shares	Share capital (Audited) HK\$'000
Ordinary share of HK\$0.01 each		
Authorised as at 30 September 2019 and 31 March 2019	5,000,000,000	50,000
Issued and fully paid as at 30 September 2019 and 31 March 2019	800,000,000	8,000

## 18. 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 employees 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 grantees, 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. Details were 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.

## 19. OPERATING LEASE COMMITMENTS

### The Group as lessor

During 1H FY2020 and the year ended 31 March 2019, the Group's properties held for rental purpose are expected to generate rental yields of 6.2% and 6.1% respectively, on an ongoing basis. All of the properties held have committed tenants for the next one to nineteen years (as at 31 March 2019: one to nineteen years).

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

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
Within one year	4,297	4,704
In the second to fifth year inclusive	–	479
	<b>4,297</b>	<b>5,183</b>

### The Group as lessee

During 1H FY2020 and the year ended 31 March 2019, the Group leased an office under non-cancellable operating lease agreement. The lease term is 3 years with fixed rental payment. The lease agreement is renewable at the end of the lease period at market rate.

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:

	At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
Within one year	189	252
In the second to fifth year inclusive	–	63
	<b>189</b>	<b>315</b>

## 20. CONTINGENT LIABILITIES

As at 30 September 2019, except disclosed elsewhere in the Unaudited Condensed Consolidated Interim Financial Statements, the Group did not have any significant contingent liabilities (as at 31 March 2019: nil).

## 21. RELATED PARTY TRANSACTIONS

### (a) Transactions

During 1H FY2020 and 1H FY2019, except disclosed elsewhere in the Unaudited Condensed Consolidated Interim Financial Statements, the Group entered into the following transactions with related parties:

Name of the related party	Relationship	Nature of transactions	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
KK Ascent Plus	Associate	Asset management fee paid	58	–
		Guarantee fee paid	59	–

The above transactions were carried out at terms determined and agreed between the Group and the relevant related parties.

### (b) Compensation of key management personnel

The remuneration of the Directors and other members of key management during the periods was as follows:

	2Q FY2020 (Unaudited) HK\$'000	2Q FY2019 (Unaudited) HK\$'000	1H FY2020 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000
Short-term benefits	690	1,280	5,373	4,629
Share based payments	132	445	265	891
Post-employment benefits	14	14	27	27
	836	1,739	5,665	5,547

The remuneration of the Director and key management personnel is determined by the remuneration committee having regard to the performance of industry and market trend.



## 22. MAJOR NON-CASH TRANSACTIONS

The Group has nil major non-cash transaction during 1H FY2020.

During 1H FY2019, the Group has payable in relation to addition of investment property under construction of approximately JPY2.0 million (equivalent to approximately HK\$0.14 million).

## 23. EVENT AFTER THE REPORTING PERIOD

On 21 October 2019, Godo Kaisha Hayama Shouten, a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with an independent vendor to acquire a property located in Kumamoto City, Kumamoto, Kyushu, Japan (the “**Acquisition**”) at a total cash consideration of JPY310,000,000 (equivalent to approximately HK\$22,400,000). The Acquisition, which constituted a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, is expected to be completed on or around 29 November 2019. Details of the Acquisition were set out in the announcement of the Company dated 21 October 2019.

On 4 November 2019, the Group conditionally disposed of 10.0% equity interest of EXE (the “**Disposal**”). The Disposal is not expected to give rise to a material gain or loss to the Group’s financial results. Upon completion of Disposal, the Group’s equity interest in EXE will decrease from 100.0% to 90.0% and EXE will become a non wholly-owned subsidiary of the Company. The financial results of EXE will remain to be consolidated into the financial statements of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### **Business Review**

For 1H FY2020, the Group recorded an unaudited revenue of approximately HK\$30.7 million, representing a decrease of approximately 19.0% as compared to 1H FY2019. Property investment activities contributed approximately 62.4% of the Group's revenue during 1H FY2020, while the remaining portion of revenue was derived from corporate finance services of the Group.

### **Corporate finance**

Revenue from corporate finance services for 1H FY2020 decreased by approximately 41.0% as compared to 1H FY2019. This was mainly attributable to the decrease in revenue generated from sponsorship engagements due to fewer number of transactions in the pipeline and achievement of fewer billing milestones in 1H FY2020. Revenue from sponsorship services decreased from approximately HK\$14.0 million in 1H FY2019 to approximately HK\$6.1 million in 1H FY2020. Revenue from financial advisory services also decreased albeit at a lesser extent. These were partially offset by an increase in revenue generated from the provision of compliance advisory services from approximately HK\$1.5 million to approximately HK\$2.2 million over the same period.

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

### **Property investment**

As at 30 September 2019, the Group's property investment portfolio consisted of 23 buildings in Japan and one commercial unit in Hong Kong ("**Property(ies)**") (1H FY2019: 22 buildings and a piece of land in Japan and one commercial unit in Hong Kong). The Property in Hong Kong was fully occupied during 1H FY2020, while the occupancy rate for the portfolio in Japan remained stable at approximately 95.4% (1H FY2019: 95.8%).

Revenue from property investment increased by approximately 4.6% in 1H FY2020, amounted to approximately HK\$19.2 million (1H FY2019: approximately HK\$18.3 million), mainly due to the additions of two small properties to the Group's property portfolio in Japan over the period.

### **Net profit for the period**

The Group recorded an underlying net profit of approximately HK\$3.5 million in 1H FY2020 compared with an underlying net profit of approximately HK\$4.3 million in 1H FY2019. The underlying profit excluded the net effect of changes in the valuation of investment properties. The Group recorded a reported net profit of approximately HK\$3.5 million in 1H FY2020 as compared with a reported net profit of approximately HK\$13.3 million in 1H FY2019.

The decrease in the underlying net profit was principally attributable to the decrease in revenue from corporate finance services. The aforementioned was partially offset by (i) the increase in other income from approximately HK\$0.1 million to approximately HK\$5.1 million due to insurance compensation and reversal of impairment loss in account receivables; and (ii) decrease in other administrative expenses from approximately HK\$23.1 million in 1H FY2019 to approximately HK\$19.3 million in 1H FY2020.

## Financial Review

### Revenue

The Group's revenue by business activities during 1H FY2020 and 1H FY2019 is set out below.

	1H FY2020		1H FY2019	
	HK\$'000 (Unaudited)	No. of active engagements/ investment properties <i>(Note)</i>	HK\$'000 (Unaudited)	No. of active engagements/ investment properties <i>(Note)</i>
<i>Corporate finance services</i>				
Sponsorship services	6,098	4	14,036	9
Financial advisory services <i>(Note)</i>	2,822	21	3,643	22
Compliance advisory services	2,240	9	1,528	6
Other corporate finance services	374	5	347	4
<b>Subtotal</b>	<b>11,534</b>		<b>19,554</b>	
<i>Property investment portfolio</i>				
Rental income from properties in Japan	18,186	23	17,348	22
Rental income from properties in Hong Kong	971	1	968	1
<b>Subtotal</b>	<b>19,157</b>		<b>18,316</b>	
<b>Total</b>	<b>30,691</b>		<b>37,870</b>	

*Note:* Active engagements represent corporate finance engagements from which the Group had derived income during the relevant period. It excludes intra-group revenue received by Altus Capital Limited, a wholly-owned subsidiary of the Company for acting as financial adviser to the Company.

The Group's revenue during 1H FY2020 decreased by approximately 19.0% as compared with 1H FY2019, mainly due to the decrease in revenue from corporate finance services. In particular, revenue from sponsorship engagements was significantly lower. The decrease in revenue from corporate finance services was attributable to the fact that (i) while we have successfully sponsored two listings during 1H FY2020, there were fewer number of ongoing projects and fewer billing milestones of these projects were achieved; and (ii) while the number of active engagements in financial advisory services remained stable in 1H FY2020 as compared with 1H FY2019, a lower revenue was generated from the services as a result of the lower average fee per engagement, as compared with 1H FY2019. During 1H FY2020, the Group achieved fewer significant milestones for its sponsorship engagements as, for example, no submission of listing application was made during the period compared to three during 1H FY2019.

The above was partially offset by higher revenue from compliance advisory services due to more active compliance advisory engagements.

For the property investment portfolio, rental income from Japan increased in 1H FY2020 due mainly to full year contribution from a small property in Sapporo, as well as the addition of another small property in Sapporo into the Group's property portfolio.

#### ***Other income***

The Group's other income during 1H FY2020 increased from approximately HK\$0.1 million to approximately HK\$5.1 million compared with 1H FY2019, due mainly to (i) the insurance compensation amounted to approximately HK\$2.5 million arising from a fire accident occurred in City Court Sugunami, an investment property located in Hokkaido prefecture, Japan in November 2018; and (ii) a write-back of impairment on trade receivables amounted to approximately HK\$2.5 million.

#### ***Net increase in fair value of investment properties***

The Group recorded no change in fair value of investment properties during 1H FY2020 (1H FY2019: HK\$9.0 million).

#### ***Property expenses***

Property expenses in 1H FY2020 increased by approximately 53.3% to approximately HK\$8.3 million compared with 1H FY2019, due mainly to increase in repair and maintenance expenses for one of the investment properties, City Court Sugunami, where a fire accident occurred in November 2018. These one-off repair and maintenance expenses were, to a large extent, covered by insurance compensation amounted to approximately HK\$2.5 million as described above. In addition, the loss of income due to the incident was also covered by such insurance compensation.

### ***Administrative and operating expenses***

Administrative and operating expenses decreased to approximately HK\$19.3 million for 1H FY2020 from approximately HK\$23.1 million for 1H FY2019. Such decrease was attributable to (i) a significant decrease in a non-recurring expense in relation to the Proposed Transfer during 1H FY2020; and (ii) a foreign exchange gain of approximately HK\$0.1 million in 1H FY2020 as opposed to a foreign exchange loss of approximately HK\$0.6 million in 1H FY2019.

### ***Share of results of associates***

During 1H FY2020, the Company acquired a 20% equity interest in KK Ascent Plus. The Group shared a gain of associates of approximately HK\$0.1 million during 1H FY2020 (1H FY2019 HK\$ nil).

### ***Net profit for the period***

The table below sets out the profitability of the Group excluding (i) the non-recurring expense in relation to the Proposed Transfer; and (ii) net increase in fair value of investment properties. The Group's adjusted profit for 1H FY2020 would have decreased by approximately 39.6% as compared with the adjusted profit for 1H FY2019, primarily due to the decrease in revenue from corporate finance services, which was partially offset by lower staff costs during 1H FY2020.

	<b>1H FY2020</b>	1H FY2019
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<b>3,466</b>	13,284
<i>Excluding:</i>		
Expenses related to Proposed Transfer	<b>203</b>	1,791
Net increase in fair value of investment properties	<b>–</b>	(9,000)
<b>Adjusted profit for the period</b>	<b>3,669</b>	6,075

## LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's operations are mainly financed by shareholders' equity, bank loans and cash generated from operations.

	As at 30 September 2019 (Unaudited) HK\$'000	As at 31 March 2019 (Audited) HK\$'000
Current assets	40,790	46,640
Current liabilities	66,045	70,007
Current ratio (times) <i>(Note 1)</i>	0.6	0.7
Gearing ratio (%) <i>(Note 2)</i>	38.8	41.0

Notes:

- (1) Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective period.
- (2) Gearing ratio is calculated by dividing total debt by total equity as at the end of the respective period.

The Group had net current liabilities of approximately HK\$25.3 million and HK\$23.4 million as at 30 September 2019 and 31 March 2019 respectively.

The net current liabilities position was primarily attributable to the classification as current liabilities (in accordance with the HKFRS) of loans of approximately HK\$41.7 million with repayment on demand clauses. The Group may record net current liabilities position from time to time. Please refer to the paragraph headed "Our Group recorded net current liabilities" under the section headed "Risk factors" of the prospectus issued by the Company on 30 September 2016.

Gearing ratio as at 30 September 2019 decreased to approximately 38.8% from approximately 41.0% as at 31 March 2019. Such decrease was mainly due to the net repayment of existing revolving loans of HK\$4.3 million during the period.

### Cash balance

As at 30 September 2019, the Group had cash and bank balances of approximately HK\$37.0 million (as at 31 March 2019: HK\$38.3 million) of which approximately HK\$31.0 million was held in JPY.

### **Bank borrowings**

As at 30 September 2019, approximately HK\$53.0 million (as at 31 March 2019: HK\$46.0 million) of the Group's interest bearing loans had variable interest rates. The interest coverage ratio as at 30 September 2019 was approximately 3.4 times (as at 31 March 2019: 7.2 times). The decrease in interest coverage ratio was mainly due to lower revenue recognised in 1H FY2020.

### **Charges on the Group's assets**

As at 30 September 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 GH Relife), 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 30 September 2019, the Group did not have any significant capital commitments (as at 31 March 2019: approximately HK\$1.4 million) and contingent liabilities (as at 31 March 2019: nil).

### **Dividend and book closure**

The Board has recommended an interim dividend of Hong Kong 0.2 cent per share of the Company for 1H FY2020 (1H FY2019: Hong Kong 0.2 cent per share). The register of members of the Company will be closed from 26 November 2019 to 2 December 2019, both days inclusive, during which period no transfer of shares will be registered. This interim dividend will be paid on 23 December 2019 to the shareholders whose names appear on the register of members of the Company on 2 December 2019. For the entitlement to this proposed interim dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 25 November 2019.

### **Significant investment held, material acquisition and disposal, and future plans thereof**

During 1H FY2020, the Group did not hold any significant investment other than the property investment portfolio as its ordinary and usual course of business. There were also no material acquisition and disposal undergone by the Group during the period, other than property investment activities.

### **Foreign exchange and interest rate exposures**

The Group's reporting currency is HK\$. While the Group's corporate finance business is predominately conducted in HK\$, a substantial portion of the Group's investment portfolio in Japan is exposed to foreign currency risk, including the rental income received from the investment properties. The Group's financial performance and position are therefore exposed to fluctuations in the value of JPY against HK\$. Due to the recent strengthening of JPY, a positive exchange difference arising on translation of foreign operations of approximately HK\$8.8 million was recorded during 1H FY2020 (1H FY2019: negative HK\$25.3 million).

The Group manages its foreign exchange exposure by monitoring the matching of the currencies of its debt with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. In FY2020, loans to be serviced by rental income generated from or secured by properties in Japan will be denominated in JPY; meanwhile, loans secured by properties (for investment and self-occupation) in Hong Kong will be serviced by income derived from Hong Kong and denominated in HK\$.

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 30 September 2019, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK\$32.5 million (as at 30 September 2018: HK\$30.1 million).

## **OUTLOOK**

### **Corporate finance**

Due to prolonged and increasing geo-political challenges and the local political environment, the management expects the global business environment and the Hong Kong stock market will continue to be volatile. These have affected the desire of potential clients seeking a listing in Hong Kong, as well as fund raising activities and corporate actions of listed companies, and have resulted in a noticeable reduction in the Group's deal flows, in particular for sponsorship services. This is expected to have a negative effect on the Group's revenue and profitability during the remaining period of FY2020. The Company will continue to place its effort on marketing of its sponsorship and financial advisory services.

### **Property investment**

The Group's rental performance is expected to be stable during the remaining period of FY2020. The Group intends to continue to expand and diversify its property investment portfolio in line with its investment strategies as stated in its annual report for the year ended 31 March 2019 when appropriate investment opportunities arise. To this end, the Group has entered into an agreement to acquire a three-storey building comprising three retail units in Kumamoto City, Japan on 21 October 2019. Details were set out in the announcement of the Company dated 21 October 2019.



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

As at 30 September 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 Futures 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 Heccio 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 September 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	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 September 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 1H 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 AND OTHER MEMBERS OF THE GROUP

As at 30 September 2019, substantial shareholders (not being the Directors or chief executives of the Company) had interested 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; and the persons had, directly or indirectly, interested in 10.0% or more of the issued voting shares of any other members of the Group:

### (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	
KHHL <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	
Mr. Ip <sup>(Note 2)</sup>	Beneficial owner	1,250,000 (L)	0.2	
		Beneficiary of a trust	570,052,000 (L)	71.3
		12,852,000 (S) <sup>(Note 3)</sup>	1.6	
Ms. Ip <sup>(Note 2)</sup>	Beneficial owner	1,250,000 (L)	0.2	
		Interest of spouse	1,250,000 (L)	0.2
		Beneficiary of a trust	570,052,000 (L)	71.3
Ms. Ho <sup>(Note 4)</sup>	Beneficial owner	12,852,000 (S) <sup>(Note 3)</sup>	1.6	
		1,250,000 (L)	0.2	
		Interest of spouse	571,302,000 (L)	71.4
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 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). As at 30 September 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 Tact	Beneficial owner	922 (L)	10.0
	Residence	Beneficial owner	600 (L)	10.0
	Lynton	Beneficial owner	1 (L)	10.0
Mr. Richard Lo	Residence	Interest in controlled corporations	600 (L)	10.0
	EXE	Beneficial owner	10 (L)	10.0

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

Save as disclosed above, the Directors and chief executives of the Company are not aware that there is any party who, as at 30 September 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 the GEM Listing Rules during the period.

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

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

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2019, the Group had 30 staff (30 September 2018: 32). The Group's remuneration policy takes into consideration the relevant Director or member of senior management's duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, the Group's profit as a whole and comparable market levels. Apart from salary payment, other staff benefits include share awards, provident fund contributions, 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 1H 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 September 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 (the "2018 Share Awards"), credited as fully paid, as an incentive bonus to such employees of the Group. One of the employees 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 “**2019 Share Awards**”) to nine grantees. One of the grantees, who was awarded with 750,000 new shares of the Company, is an executive director of a wholly-owned subsidiary of the Group. Other grantees, who are awarded with 1,190,000 new shares of the Company, are employees of the Group and are independent third parties. Details were 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 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 the Directors to allot and issue up to 1,190,000 new shares of the Company in relation to Selected Employees Grant.

During 1H FY2020, nil 2018 Share Awards and 2019 Share Awards were vested.

## **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 the Rule 17.23 of the GEM Listing Rules; the Company stated that (i) the major shareholders of the Company have not pledged any of their shares held; and (ii) an indirect wholly-owned subsidiary of the Company had entered into certain loan agreements with covenants relating to specific performance of the controlling shareholder 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 1H FY2020.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

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

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

## **COMPETING INTERESTS**

As at 30 September 2019, 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 indirect 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 code provision 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 code provision C.3.3 of the CG Code, the Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2019 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.

## DECISION NOT TO PURSUE PROPOSED TRANSFER

On 30 July 2018, the Company submitted a formal application to the Stock Exchange for the Proposed Transfer. On 1 September 2019, the application lapsed. Having weighed the potential costs and benefits of reviving the Proposed Transfer, in view of the nature of outstanding matters which are uncertain and not fully within the control of listed issuers, and the prolonged time the application has taken, the Directors have decided not to pursue the application at this juncture. The Board believes that the lapse of the application has had no material adverse effect on the business operation or the financial position of the Company.



## **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 and Executive Director*

Hong Kong, 11 November 2019

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