ALTUS.

Altus Holdings Limited

incorporated in the Cayman Islands with limited liability

Stock Code : 8149

FY2020 Annual Report

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

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

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

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPLIANCE OFFICER

Ms. Leung Churk Yin Jeanny

COMPANY SECRETARY

Ms. Tse Sui Man

AUTHORISED REPRESENTATIVES

Mr. Arnold Ip Tin Chee
Mr. Chang Sean Pey

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21 Wing Wo Street
Central, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

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

CORPORATE INFORMATION

PRINCIPAL BANKERS

Bank of Communication Co., Ltd. Hong Kong Branch
20 Pedder Street, Central
Hong Kong

Dah Sing Bank Limited
Everbright Centre
108 Gloucester Road
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

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

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

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

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

COMPANY WEBSITE

www.altus.com.hk

STOCK CODE

8149

CHAIRMAN'S STATEMENT

Dear Stakeholders,

This has been a year filled with unprecedented and unexpected challenges.

With the beginning of social unrest in June last year, and the outbreak of COVID-19 pandemic early this year, Hong Kong's economy has seen a drastic downturn. What will follow is still unpredictable as I write. In times like these, the resilience of our Group's business model is critical.

Over the past year, revenue from our corporate finance advisory business has declined, due to price compression and lower number of client engagements. This accentuated the value of the relatively stable rental income from our Japan investment property portfolio which has continued to serve as an anchor to the stability of our business. During the year, we have completed the construction of a residential group home in Sapporo city, expanding our portfolio of similar care homes to three in total. We have also acquired a new restaurant building located in the prime retail arcade area in the centre of Kumamoto city, as well as a residential building in Sapporo, close to its city centre. These additional investments have enhanced our cash flow, further diversifying the inherent risks and volatility in advisory work. Notwithstanding an expanded portfolio of residential and commercial investment properties across Japan, we have been able to maintain a conservative gearing level.

Our Group has nurtured a dedicated corporate finance advisory team encompassing disciplined teamwork and comradeship, and is prepared to outride the effects of the current disconcerting business environment. We have seen that clients' needs have changed significantly with the dampened market sentiment: capital fund raising activities have slowed, whilst debt structuring exercises, mergers and acquisitions transactions such as corporate takeovers and privatisations, have become a new focus as market participants take advantage of compressed valuations. We shall constantly adapt our skillset in face of clients' changing needs.

"*It was the best of times, it was the worst of times.*" The turbulent environment has presented our team with challenges, valuable business experiences and potential opportunities. By staying resilient and demonstrating capability through adaptability, we aim to emerge through this crisis stronger as a whole, and continue to help genuine businesses navigate the financial markets.

I would like to take this opportunity to express my deepest gratitude to our colleagues, our partners in Japan, our clients and bankers for their continuous contribution and support to Altus, as well as our shareholders who place their trust in us.

Yours sincerely,

Arnold Ip Tin Chee
Chairman and Executive Director

Hong Kong, 18 June 2020

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Company and its subsidiaries (together, the "**Group**") for the last five financial years, as extracted from the audited consolidated financial statements for the year ended 31 March 2019 ("**FY2019**") in the 2019 annual report and the audited consolidated financial statements in this annual report (the "**Annual Report**") are as follows:

	For the year ended 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**59,666**	77,655	70,961	51,761	48,160
Profit before tax	**3,920**	36,754	32,555	20,730	22,088
Profit after tax	**1,450**	30,689	26,865	13,048	17,693

	As at 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**730,309**	695,499	706,836	571,267	497,025
Total liabilities	**264,115**	232,460	254,828	172,548	186,458
Net assets	**466,194**	463,039	452,008	398,719	310,567

REVIEW OF OPERATIONS

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

Corporate finance

The Group recorded corporate finance services revenue of approximately HK$22.0 million in FY2020, a decrease of 46.3% over FY2019. A breakdown of the corporate finance services revenue of the Group is as follows:

	For the year ended 31 March					
	2020			2019		
	Revenue HK$' 000	**% of corporate finance services revenue**	**Number of active engagements** *(Note)*	Revenue HK$' 000	% of corporate finance services revenue	Number of active engagements *(Note)*
Sponsorship	**10,829**	**49%**	**7**	30,138	74%	13
Financial advisory	**5,255**	**24%**	**38**	6,727	16%	39
Compliance advisory	**5,259**	**24%**	**12**	3,516	9%	8
Others	**624**	**3%**	**6**	504	1%	5
Total	**21,967**	**100%**		40,885	100%	

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

Revenue derived from sponsorship engagements decreased in FY2020 in line with the lower number of active engagements. Of the active sponsorship engagements in FY2020, AM Group Holdings Limited (stock code: 1849) was listed in June 2019, Platt Nera International Ltd. (stock code: 1949) was listed in July 2019, and Lever Style Corporation (stock code: 1346) was listed in November 2019. The other active engagements were, amongst others, being vetted by regulators or were in preparation for submission of listing application during FY2020. One of the active engagements had lapsed and was discontinued during FY2020, while there were also fewer number of new sponsorship engagements secured during FY2020.

The decrease in revenue of approximately 21.9% from financial advisory engagements during FY2020 was due to the lower average price of the engagements despite similar number of active engagements as compared with FY2019.

The drop in revenue from sponsorship and financial advisory engagements was partially offset by higher revenue from compliance advisory engagements in FY2020, which corresponded to the increase in number of active engagements. Revenue from other services increased slightly in FY2020 due to higher number of active engagements, in particular, for acting as listing agent(s) for the offering of exchange traded funds.

OPERATION REVIEW AND FINANCIAL REVIEW

Property investment

As at 31 March 2020, the Group had a portfolio of 25 investment properties in Japan and one investment property in Hong Kong. This investment property portfolio contributed rental income of approximately HK$37.7 million in FY2020. In addition to the above, the Group also owned its principal place of business at 21 Wing Wo Street, Central, Hong Kong which is classified as property, plant and equipment.

Japan

A summary of the investment properties in Japan as at 31 March 2020 are as follows:

	Property name	Location	Net rentable area (sq.ft.)	Number of units	Appraised value as at 31 March 2020 JPY million	Appraised value as at 31 March 2019 JPY million	Average occupancy in FY2020 (by revenue)
1.	Ark Palace Hiragishi	Sapporo	14,485	54	402	396	92%
2.	Kitano Machikado GH	Sapporo	1,572	8	45	47	100%
3.	LC One	Sapporo	6,582	26	139	139	97%
4.	Libress Hiragishi	Sapporo	11,554	36	184	184	98%
5.	Nouvelle 98	Sapporo	13,790	38	231	232	93%
6.	Rakuyukan 36	Sapporo	18,046	38	316	316	100%
7.	Relife GH *(Note 1)*	Sapporo	750	6	33	11	100%
8.	Shinoro House GH	Sapporo	918	6	36	35	100%
9.	South 1 West 18 Building	Sapporo	15,529	37	275	272	94%
10.	T House	Sapporo	6,751	24	146	142	97%
11.	Tommy House Hiragishi	Sapporo	8,782	28	161	159	87%
12.	Uruoi Kawanone	Sapporo	15,930	65	664	656	97%
13.	White Building A & B	Sapporo	13,523	55	239	236	100%
14.	City Court Suginami	Hakodate	13,640	44	207	206	66%
15.	Azabu Sendaizaka Hills	Tokyo	12,046	7	1,430	1,410	93%
16.	Azabu Juban Crown Building	Tokyo	2,248	5	248	248	94%
17.	Residence Motoki	Fukuoka	11,992	12	294	288	100%
18.	Wealth Fujisaki	Fukuoka	7,390	10	173	173	88%
19.	Rise Shimodori EXE	Kumamoto	14,159	35	485	481	98%
20.	Rise Fujisakidai	Kumamoto	13,891	36	415	411	92%
21.	Rise Kumamoto Station South	Kumamoto	10,116	20	212	209	96%
22.	Rise Shimodori	Kumamoto	13,619	36	458	458	95%
23.	Kagoshima Tenmonkan Building	Kagoshima	6,541	1	548	548	100%
24.	KD Shinshigai Building	Kumamoto	4,463	3	275	N/A	100%
25.	Wisteria-S *(Note 2)*	Sapporo	5,997	19	146	N/A	N/A

Notes:

1. The piece of land on which Relife GH was erected was acquired in March 2019 and construction was completed in August 2019. Its value as at 31 March 2019 was on the value of the piece of land only while its value as at 31 March 2020 was on the property (including the land). This property was previously known as Kiyota 7-3.

2. This property was acquired on 31 March 2020; hence occupancy information for FY2020 was not available.

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

The Group had 90% shareholding interests in EXE Rise Shimodori Investor Ltd at all material times during FY2020. In October 2019, the Group acquired 10.0% shareholding interests in EXE Rise Shimodori Investor Ltd for approximately JPY36.2 million from its then minority shareholder. Following overall capital injection into EXE Rise Shimodori Investor Ltd of approximately JPY100.0 million, 10.0% shareholding interests were subsequently disposed of to another investor for approximately JPY46.2 million on 4 November 2019. As a results of the aforesaid acquisition and disposal, the shareholding interests of the Group in EXE Rise Shimodori Investor Ltd remained at 90.0% as at 31 March 2020. Details of the above disposal were set out in the announcement of the Company dated 4 November 2019.

Hong Kong

The investment property in Hong Kong is an office unit at Duddell Street, Central with saleable area of approximately 2,267 sq.ft.. It had been leased out throughout FY2020. This property's appraised value as at 31 March 2020 was HK$82.0 million.

Compliance with laws and regulations

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

Environmental policies and performance

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

For further information in relation to environmental, social and governance performance of the Company during FY2020, please refer to the upcoming Environmental, Social and Governance Report, which will be released shortly and published on the respective websites of the GEM of the Stock Exchange and the Company.

During FY2020, the Group has not been the subject of any environmental claims, lawsuits, penalties or disciplinary actions.

Employees and remuneration policy

Please refer to section headed "Employees and remuneration policy" under "Directors' Report" of this Annual Report for details.

OPERATION REVIEW AND FINANCIAL REVIEW

FINANCIAL REVIEW

Review of operating results

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

Revenue

The Group recorded revenue of approximately HK$59.7 million in FY2020 compared with approximately HK$77.7 million in FY2019, representing a decrease of 23.2%. Such decrease was due mainly to lower revenue for corporate finance segments where there was a 46.3% decrease in corporate finance services revenue from approximately HK$40.9 million in FY2019 to approximately HK$22.0 million in FY2020.

Corporate finance

The decrease in revenue of corporate finance services by 46.3% was mainly attributable to the decrease in sponsorship revenue from approximately HK$30.1 million in FY2019 to approximately HK$10.8 million in FY2020. Such decrease was due to fewer number of active engagements during FY2020 as some engagements were completed or discontinued. There were also fewer number of new sponsorship engagements secured. We also recorded lower revenue from financial advisory engagements in FY2020 due to lower average price of the engagements despite the number of active engagements were similar as compared with FY2019.

The effects of the above were partially offset by higher revenue for compliance advisory services, which was primarily attributable to the higher number of active compliance advisory engagements during FY2020.

Property investment

The higher revenue from property investment in FY2020 was mainly attributable to higher rental revenue from Japan due to the additions of Relife GH in August 2019 and KD Shinshigai Building in November 2019 to the portfolio. Overall, the occupancy rate for properties in Japan decreased slightly from 96.7% during FY2019 to 94.3% during FY2020 due mainly to the adverse impact of a fire accident at City Court Suginami in November 2018 as most of the tenants at City Court Suginami moved out after the fire. Renovation work on the affected areas was completed in April 2019 and new tenants had moved in during the course of FY2020.

The Group recorded higher property expenses of HK$15.4 million in FY2020 comparing to HK$11.7 million in FY2019. Such increase in property expenses was primarily due to the renovation expenses for City Court Suginami after the fire accident, which was covered by insurance compensation as detailed in the paragraph headed “Other income”.

Meanwhile, the property in Hong Kong was fully occupied during FY2019 and FY2020.

Other income

Other income in FY2020 increased to approximately HK$4.5 million from approximately HK$0.1 million in FY2019 due to (i) the insurance compensation amounted to approximately HK$2.5 million relating to the fire accident at City Court Suginami as mentioned above; and (ii) a write-back of impairment on trade receivables relating to corporate finance services rendered of approximately HK$1.5 million.

Net decrease in fair value of investment properties

The Group recorded a net decrease in fair value of investment properties of HK$5.3 million in FY2020 (a net increase in fair value of investment properties of HK$19.4 million was recorded in FY2019). In particular, HK$4.7 million fair value decrease was recorded for our Hong Kong investment property at Duddell Street, Central. In Japan, the decrease in fair value of properties was contributed mainly by KD Shinshigai Building of approximately HK$2.4 million.

Administrative and operating expenses

Administrative and operating expenses decreased from approximately HK$42.3 million in FY2019 to approximately HK$34.7 million in FY2020. Such decrease was due to (i) significant decrease in non-recurring expenses relating to the Proposed Transfer which amounted to approximately HK$0.3 million for FY2020 (FY2019: approximately HK$2.0 million); (ii) substantially lower impairment loss of account receivables of HK$0.02 million compared with HK$2.5 million in FY2019; (iii) significant decrease in share based payments in relation to share options from HK$1.8 million in FY2019 to HK$0.5 million in FY2020; and (iv) lower travelling and advertising expenses of HK$0.8 million in FY2020 compared with HK$2.3 million in FY2019.

Net profit for the year

The profit after tax of the Group decreased to approximately HK$1.5 million in FY2020 from approximately HK$30.7 million in FY2019. The decrease was mainly attributable to the lower level of revenue recorded and net decrease in fair value of investment properties in FY2020, which was partially offset by (i) decrease in the non-recurring expenses relating to the Proposed Transfer, (ii) lower interest expenses, and (iii) approximately HK$0.02 million impairment loss of account receivables (FY2019: approximately HK$2.5 million).

By excluding the net effect of changes in the valuation of investment properties, the Group recorded an underlying net profit of approximately HK$7.5 million in FY2020 compared with an underlying net profit of approximately HK$13.2 million in 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$4.5 million due to insurance compensation and reversal of impairment loss in account receivables; and (ii) decrease in other administrative expenses from approximately HK$42.3 million in FY2019 to approximately HK$34.7 million in FY2020.

Liquidity, financial resources and capital structure

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

	As at 31 March 2020 HK$'000	As at 31 March 2019 HK$'000
Current assets	**44,924**	46,640
Current liabilities	**83,548**	70,007
Current ratio (time) *(Note 1)*	**0.5**	0.7
Gearing ratio (%) *(Note 2)*	**46.7**	41.0

OPERATION REVIEW AND FINANCIAL REVIEW

Notes:

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

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

The Group had net current liabilities of approximately HK$38.6 million as at 31 March 2020 and HK$23.4 million as at 31 March 2019. This was mainly due to more borrowings were made by the Group in Hong Kong for working capital purpose.

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

Gearing ratio as at 31 March 2020 was approximately 46.7% compared to 41.0% as at 31 March 2019. The higher gearing ratio was due to an increase in total interest bearing loans of the Group from approximately HK$189.8 million as at 31 March 2019 to approximately HK$217.8 million as at 31 March 2020. Such additional bank borrowings were used to acquire properties in Japan, being KD Shinshigai Building and Wisteria-S.

Cash balance

As at 31 March 2020, the Group had cash and bank balances amounted to approximately HK$39.4 million (31 March 2019: approximately HK$38.3 million) of which approximately HK$30.9 million was held in JPY deposited in licenced banks in Hong Kong and Japan.

Foreign exchange and interest rate exposures

The Group manages its foreign exchange exposure by monitoring the matching of the currencies of its debts with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. In FY2020, loans to be serviced by rental income generated from or secured by properties in Japan were denominated in JPY and serviced by income from Japan denominated in JPY; meanwhile, loans secured by properties (for investment and self-occupation) in Hong Kong were serviced by income derived from Hong Kong 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 31 March 2020, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK$31.1 million (31 March 2019: approximately HK$46.4 million).

Bank borrowings

Total interest bearing loans of the Group increased from approximately HK$189.8 million as at 31 March 2019 to approximately HK$217.8 million as at 31 March 2020. These loans carry fixed and variable interest rates ranging from 1.09% to 5.21% per annum.

As at 31 March 2020, approximately HK$76.7 million (31 March 2019: approximately HK$46.0 million) of interest bearing loans of the Group had variable interest rates. By excluding the impact of net change in fair value of investment properties, the underlying interest coverage ratio as at 31 March 2020 was 2.9 times (31 March 2019: 3.9 times).

Material acquisition and disposal of subsidiaries, associates and joint ventures

Please refer to the section headed “Material acquisition and disposal of subsidiaries, associates and joint ventures” in this Annual Report.

Charges on the assets of the Group

As at 31 March 2020, (i) both the properties in Hong Kong; and (ii) all the properties in Japan (save for Kitano Machikado GH, Rakuyukan 36, Relife GH and Shinoro House GH), had been charged in favour of banks and financial institutions in Hong Kong and Japan for loans obtained from them.

Capital commitments/Contingent liabilities

As at 31 March 2020, the Group had no significant capital commitments (2019: approximately HK$1.4 million) that had been contracted for but not provided for in the consolidated financial statements and contingent liabilities.

Principal risk and uncertainty

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

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

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

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

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

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

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

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

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

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

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

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

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

OPERATION REVIEW AND FINANCIAL REVIEW

OUTLOOK

Corporate finance

The Hong Kong financial markets are expected to be volatile in the second half of 2020 against the backdrop of the unprecedented outbreak of the COVID-19 pandemic, which continues to spread globally at the time of writing. While global financial markets have rebounded strongly from their lows seen in March 2020, negative impact on the real economy is only starting to manifest. The uncertain outcome on business operations and worse, the risk of a second wave of infection, will dampen potential clients' interest and ability to seek listings in Hong Kong or to conduct corporate actions. Meanwhile, risks of ongoing Sino-U.S. trade dispute and recent social unrest in Hong Kong continue to loom.

That said, a bright spot during this uncertain times has been financial advisory services involving debt restructuring and M&A transactions such as general offers and privatisation as market players take advantage of depressed valuations.

In light of the governmental measures in response to the spread of COVID-19 pandemic such as work-from-home arrangements and global travel restrictions, our Group, in the likes of other professionals, is adapting to these new business practices. In particular, restrictions on business travels have temporarily weighed on our ability to carry out due diligence work outside of Hong Kong. Going forward, our Group will readily utilise technology and digitalisation as an alternative source of leads generator in order to expand our business coverage.

In view of the precarious effects from the above coupled with intensified market competition, the Directors expect that deal flow of our corporate finance services will be greatly affected and the performance of our Group in the coming quarters will continue to be challenging. Going forward, the management will continue to leverage on their business network and relationships to source and retain clients and implement prudent risk management system to manage the risk exposure of the Group so as to maximise the returns of its shareholders and investors.

Property investment

The commercial property market in Hong Kong has experienced gradual down trend in the past year in the face of the COVID-19 pandemic and social unrest which has dampened overall business sentiments. The lease maturity of our investment property of the Group in Central, Hong Kong is in June 2020 and the existing tenant has indicated its intention not to renew the tenancy. The Group has secured a new tenant through its agents at a rental level lower than the previous contracted rent, due to a weak leasing market for commercial properties in Central.

In Japan, while occupancy and rental rates of residential units have not been affected by COVID-19 pandemic, several tenants of our commercial units have requested for rental reduction or deferment. Negotiations are ongoing but the outcome will likely have an adverse impact on the Group in the short term.

The strategy of the Group for its property investment business is to retain and enhance recurring income stream via expansion and diversification of its property portfolio. The Directors will also continue to look out for appropriate investment opportunities, in line with the development strategy of the Group of providing group home and nursing home in Japan. The Directors expect revenue from the investment property portfolio of the Group to remain largely stable in the coming financial year, underpinned by the stability of residential rental income, which forms a substantial part of the income of the Group from its Japan investment property portfolio.

INTRODUCTION

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

CORPORATE GOVERNANCE PRACTICES

The shares of the Company were listed on GEM on 17 October 2016 (the "**Listing Date**"). The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules during FY2020. During FY2020, the Company had, where applicable, complied with the applicable code provisions as set out in the CG Code.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "**Code of Conduct**"). The Company had made specific enquiry with the Directors and all Directors confirmed that they had fully complied with the required standard of dealings set out in the Code of Conduct and there was no event of non-compliance during FY2020 and up to the date of this Annual Report (the "**Relevant Period**").

BOARD OF DIRECTORS

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

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

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

Biographical details of the Directors are set out in the section headed "Biographical details of directors and senior management" of this Annual Report. Save as disclosed the relationship between Directors and senior management as set out in section headed "Disclosure of relationship" of this Annual Report, there was no relationship (including financial, business, family or other material and relevant relationship(s)) between Board members.

RESPONSIBILITIES OF THE BOARD

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

According to the code provision C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During FY2020, the executive Directors have provided to all the other members of the Board updates on any material changes to the position and prospects of the Group, which are considered to be sufficient to provide general updates of the performance of the Group, position and prospects to the Board members and allow them to give a balanced and understandable assessment of the same for the purposes of code provision C.1.2 of the CG Code.

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

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

CHAIRMAN AND CHIEF EXECUTIVE

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BOARD COMMITTEES

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

The Board has reviewed and discussed the above matters and corporate governance policy and practice of the Group and is satisfied with its effectiveness during FY2020.

AUDIT COMMITTEE

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

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

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

(a) reviewed the unaudited financial statements for three months ended 30 June 2019, six months ended 30 September 2019 and nine months ended 31 December 2019;

(b) reviewed the audited financial statements for FY2019 and FY2020;

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

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

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

(f) reviewed the effectiveness of internal audit function.

The attendance record of the members of the Audit Committee at meetings during FY2020 is set out below:

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

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee pursuant to a resolution of the Board passed on 26 September 2016 with written terms of reference in compliance with the CG Code and Rules 5.34 and 5.35 of the GEM Listing Rules. The primary duties of the Remuneration Committee are (i) to review and make recommendations to the Board on the overall remuneration policy and structure relating to all Directors, senior management and the general staff of the Company; (ii) to determine other remuneration-related matters, including benefits in-kind and other compensation payable to the Directors; and (iii) to determine the performance-based remunerations and to establish a formal and transparent procedure for developing policy in relation to remuneration. The Remuneration Committee adopted the model described in code provision B.1.2 (c)(i).

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

One Remuneration Committee meeting was held during FY2020 to consider the bonus payments and remuneration package for the Directors and senior management, to review the remuneration policy and structure of the Directors and senior management and determine remuneration package of the Directors and senior management. The attendance record of the members of the Remuneration Committee at meeting is set out below:

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

NOMINATION COMMITTEE

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

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

One Nomination Committee meeting was held during FY2020 to consider the retirement of directors, to review the annual confirmation and assess the independence of the independent non-executive directors, the current structure, size and diversity of the Board, the board diversity policy and the contribution required from a director to perform his/her responsibility. The attendance record of the members of the Nomination Committee at meeting during FY2020 is set out below:

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

NOMINATION POLICY

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

BOARD DIVERSITY

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

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

According to Article 84 of the articles of association of the Company (the "**Articles**"), one-third of the Directors for the time being (or, if the number of Directors is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an annual general meeting of the Company ("**AGM**") at least once every three years. In the upcoming AGM, two executive Directors, being Mr. Arnold Ip Tin Chee and Mr. Chang Sean Pey, would retire and be subject to re-election.

BOARD MEETINGS

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

The attendance record of each Director at Board meetings during FY2020 is set out below:

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

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

GENERAL MEETINGS

The latest Shareholders' meetings of the Company were the annual general meeting and an extraordinary general meeting which were both held on 8 August 2019 at Artyzen Club at 401A, 4/F Shun Tak Centre (near China Merchant Tower), 200 Connaught Road Central, Hong Kong. The attendance record of each Directors at the above general meetings during FY2020 is set out below:

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

TRAINING FOR DIRECTORS AND COMPANY SECRETARY AND CONTINUING PROFESSIONAL DEVELOPMENT

According to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. For FY2020, each Directors attended training at courses, seminars or talks provided by professional, which covered amongst other topics, the CG Code, as well as the GEM listed company's and directors' continuing obligations. In addition, during the Relevant Period, each of the Directors has from time to time reviewed updates on laws, rules and regulations which might be relevant to their roles, duties and functions as a director of a listed company.

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

AUDITOR'S REMUNERATION

The remuneration paid/payable to the auditor of the Group for FY2020 is set out as follows:

Services rendered	**HK$**
Audit service	750,000
Non-audit services *(Note)*	142,200
Total	892,200

Note: Non-audit services include taxation related services and other services.

COMPANY SECRETARY

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

COMPLIANCE OFFICER

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

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements for FY2020 which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements for FY2020, the Board has selected suitable accounting policies and applied them consistently, and made judgments and estimates that are fair and reasonable.

As at 31 March 2020, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon our ability of the Group to continue as a going concern. Therefore, the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

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

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

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

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

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

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

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

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

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

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

(i) the general financial condition of the Group;

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

(iii) the future cash requirements and availability;

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

(v) the general market conditions; and

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

CONSTITUTIONAL DOCUMENTS

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

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

During FY2020, there has been no change in the Memorandum of Association of the Company and Articles.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

For FY2020, the Board conducted an annual review of the effectiveness of the risk management and internal control system, which covered the areas of financial, operational, compliance and risk management. The Board considered the system of the Group to be adequate and effective. As at the date of this Annual Report, the Group has engaged an independent internal control consultant to review the effectiveness of the internal control system and perform internal audit function of the Group. The internal control consultant has directly reported to the Audit Committee. Going forward, the Directors will continue to regularly assess and review the effectiveness of the risk management and internal control system of the Group.

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

INSIDE INFORMATION

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

PROCEDURES FOR RAISING ENQUIRIES

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Arnold Ip Tin Chee (葉天賜) ("Mr. Ip"), aged 57, founded our Group in September 2000. He has been the chairman and executive Director of the Company since April 2016. Mr. Ip is charged with (i) formulating the corporate strategy and overall business development of the Group; (ii) overseeing the operational (including corporate finance activities) and financial matters of our Group; (iii) handling compliance matters; and (iv) client referrals and relationship management. Mr. Ip also acts as chairman of the investment committee of the Company and is able to draw from his experiences in the disciplines of corporate finance and fund management (as further elaborated below) to ensure that the investment activities are in line with our investment strategy and business development plan. Mr. Ip is also a member of Remuneration Committee and Nomination Committee of the Company.

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

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

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chang Sean Pey (曾憲沛) ("Mr. Chang"), aged 48, has been with our Group since February 2001. Mr. Chang was appointed as a Director on 3 March 2016 and redesignated as an executive Director on 8 April 2016. Mr. Chang works with the chairman of our Board to oversee the overall operations, strategic direction and business development of the Group and is responsible for (i) managing daily operations and supervising staff; (ii) providing corporate finance services; (iii) handling compliance matters; and (iv) client referrals and relationship management. Mr. Chang, with experience in corporate finance as well as real estate investment and divestment, is a member of investment committee of the Group.

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

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

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

Ms. Leung Churk Yin Jeanny (梁綽然) ("Ms. Leung"), aged 55, was appointed as a Director on 3 March 2016 and was redesignated as an executive Director on 8 April 2016. Ms. Leung works with the chairman of our Board to oversee our overall operations, strategic direction and business development and in her capacity as compliance officer, oversees all compliance matters. She provides corporate finance services to our clients and is responsible for management of the transaction teams as well as client referral and relationship management. Ms. Leung is also a member of investment committee of the Group. She is able to draw on her vast experience in corporate finance, as well as executive management in listed entities as further elaborated below, in carrying out this role.

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

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

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chao Tien Yo (趙天岳) ("Mr. Chao"), aged 65, joined the Company as an independent non-executive Director on 26 September 2016. He is the chairman of Nomination Committee and member of Audit Committee and Remuneration Committee of the Company. Mr. Chao qualified as a solicitor in England and Wales in October 1983 and in Hong Kong in March 1984. After a legal career of over thirty years with international and Hong Kong law firms, he retired from professional private legal practice in 2015. He serves now as Chief Legal Officer with CPG Overseas Company Limited. Mr. Chao holds the degrees of Bachelor of Arts, Bachelor of Linguistics and Master of Arts from the University of Hong Kong and the University of Manchester and the University of Keele, respectively.

Mr. Chan Sun Kwong (陳晨光) ("Mr. Chan"), aged 53, joined the Company as an independent non-executive Director on 26 September 2016. He is the chairman of Audit Committee and member of Remuneration Committee and Nomination Committee of the Company.

Mr. Chan obtained a diploma of business administration from the Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University). He is a fellow member of the Hong Kong Institute of Chartered Secretaries, the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom, the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He is an accredited mediator of The Hong Kong Mediation Centre. Mr. Chan has over 25 years of experience in accounting, auditing, banking and company secretarial fields.

Mr. Lee Shu Yin (李樹賢) ("Mr. Lee"), aged 53, joined the Company as an independent non-executive Director on 26 September 2016. He is the chairman of Remuneration Committee and member of Nomination Committee and Audit Committee of the Company. Mr. Lee has over twenty years of experience in real estate, corporate finance, investment and management. He is currently the chief executive of Asiasec Properties Limited, prior to which he was an executive director of Tian An China Investments Limited. He was the chief investment officer of Grand River Properties (China) Ltd, a company he co-founded in 2003. Mr. Lee's experience includes serving as a vice president and director of JP Morgan Securities Limited/Robert Fleming Securities while based in London, New York and Boston and as an executive director of Goldman Sachs International in Hong Kong. He obtained a Degree of Master of Science in Finance in September 1999 from the London Business School of the University of London in the United Kingdom, and Bachelor of Arts Degree and Bachelor of Science Degree from Stanford University (officially the Leland Stanford Junior University) in the United States in June 1989. Mr. Lee was accredited as a chartered financial analyst by the Institute of Chartered Financial Analysts.

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

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

DISCLOSURE OF RELATIONSHIPS

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

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

SENIOR MANAGEMENT

Ms. Ho Shuk Yee Samantha (何淑懿) ("Ms. Ho"), aged 56, joined our Group in May 2014. In her capacity as chief investment officer and a member of the investment committee, Ms. Ho is responsible for advising the executive Directors on our investment strategy and assessing and making decision on the purchase and/or disposal of our investment in accordance with our investment strategy. Ms. Ho has 30 years' of experience in the finance industry, specialising in fund management. Prior to joining our Group, she had served as a director of the board of Hong Kong Securities and Investment Institute from December 2008 to December 2014. She had acted as investment director at Invesco Hong Kong Limited from November 2004 to August 2012. From April 2003 to June 2004, she was a licensed representative for Manulife Asset Management (Hong Kong) Limited. Her other experience prior to this includes working at SEB Investment Management from January 1994 to March 2000 and Jardine Fleming Securities Limited from October 1989 to December 1993.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Khoo Wing Pui Charlotte (邱詠培) ("Ms. Khoo"), aged 31, joined our Group in September 2011 and currently serves as our Group Senior Manager and executive director of Altus Capital. Alongside her duties as Altus Capital's principal for sponsorships and responsible officer for Type 6 (advising on corporate finance) regulated activities, which involve supervising and leading the execution of corporate finance projects, clients' relationship management and project origination, she is also responsible for talent cultivation, business development and continuous enhancement of our practices and processes.

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

Mr. Tam Ho Kei Leo (譚浩基) ("Mr. Tam"), aged 35, joined our Group in October 2014 and currently serves as an assistant director. Mr. Tam provides corporate finance services to our clients and oversees the day-to-day execution work of transaction teams. In addition, he assists (i) the investment committee on the implementation of our investment strategy, the ongoing monitoring and review of our investment portfolio; and (ii) the executive management with regards to internal control matters. In May 2007, he obtained a degree of Bachelor of Commerce in Accounting and International Business from The University British Columbia in Canada. From September 2007 to April 2014, he worked at Ernst & Young where his last position was an audit manager. Mr. Tam has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since January 2013. He is licensed to carry out Type 6 (advising on corporate finance) regulated activity as a responsible officer and Type 1 (dealing in securities) and Type 9 (asset management) regulated activities as a licensed representative under the SFO.

Ms. Tse Sui Man (謝瑞敏) ("Ms. Tse"), aged 31, joined us in September 2017 as a financial controller and also become our company secretary in December 2017. Ms. Tse is responsible for the review of finance and accounting functions and company secretarial matters of the Group. In July 2012, she obtained a degree of Bachelor of Business Administration (Hons) in Accountancy and Management Information System from City University of Hong Kong. Prior to joining our Group, Ms. Tse had served as an audit senior associate with PricewaterhouseCoopers, CPA from December 2013 to August 2016. Ms. Tse is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

COMPANY SECRETARY

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

COMPLIANCE OFFICER

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

AUTHORISED REPRESENTATIVES

Mr. Ip and Mr. Chang are the authorised representatives of our Company for the purpose of the GEM Listing Rules. Please refer to the paragraphs headed "Executive Directors" above for details about Mr. Ip's and Mr. Chang's qualifications and experience.

The Directors are pleased to present their report and the audited consolidated financial statements of the Company and the Group for FY2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of corporate finance services and property investments. Details of the principal activities of its subsidiaries are set out in note 37 to the consolidated financial statements. There were no significant changes in the nature of the principal activities of the Group during FY2020.

PRINCIPAL PLACE OF BUSINESS

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

BUSINESS REVIEW

Discussion and analysis of the business of the Group, outlook of the business and the analysis of the performance of the Group for FY2020, important events affecting the Group, principal risks and uncertainties and environmental policy and performance of the Group can be found out in the sections headed "Chairman's statement" and "Operation review and financial review" of this Annual Report.

RESULTS AND DIVIDEND

The results of the Group for FY2020 are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" of this Annual Report.

The Board had recommended an interim dividend of Hong Kong 0.2 cent per share for the six months ended 30 September 2019 (for six months ended 30 September 2018: Hong Kong 0.2 cent per share) which was paid on Monday, 23 December 2019.

The Board recommends a final dividend of Hong Kong 0.1 cent (FY2019: final dividend of Hong Kong 0.2 cent and special dividend of Hong Kong 0.02 cent) per share of the Company for FY2020. The proposed final dividend, if approved at the forthcoming AGM, will be payable on Friday, 25 September 2020 to the Shareholders whose names appear on the register of members of the Company on Friday, 4 September 2020. Shares of the Company will be traded ex-dividend as from Friday, 28 August 2020.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM will be held at 9:30 a.m. on Friday, 7 August 2020. The register of members of the Company will be closed from Tuesday, 4 August 2020 to Friday, 7 August 2020 (the "**Closure Period**"), both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM. During this Closure Period, no transfer of the shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all duly completed transfer forms, accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 3 August 2020.

The register of members of the Company will also be closed from Tuesday, 1 September 2020 to Friday, 4 September 2020, both days inclusive, during which period no transfer of shares will be registered. Subject to the approval by the Shareholders of the proposed final dividend at the AGM, the final dividend will be paid on Friday, 25 September 2020 to the Shareholders whose names appear on the register of members of the Company on Friday, 4 September 2020. For the entitlement to the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 31 August 2020.

KEY RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

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

SUMMARY OF FINANCIAL INFORMATION

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during FY2020 are set out in note 18 to the consolidated financial statements of this Annual Report.

PROPERTIES

Particulars of properties held by the Group as at 31 March 2020 are set out on pages 130 to 132.

INVESTMENT PROPERTIES

The investment properties were revalued at 31 March 2020 and a fair value change of approximately HK$5,272,000 has been debited to the consolidated statement of profit or loss and other comprehensive income.

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

SHARE CAPITAL

Details of the movements in the share capital of the Company for FY2020 are set out in note 29 to the consolidated financial statements of this Annual Report.

RESERVES

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

DISTRIBUTABLE RESERVES

As at 31 March 2020, there was no reserve available for distribution to the members of the Company.

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

During FY2020, the Company repurchased 2,390,000 ordinary shares on GEM of the Stock Exchange at an aggregate consideration of approximately HK$0.7 million. The Directors are of the view that the share repurchase would be beneficial to the Company and its shareholders. Details of the share repurchase are as follows:

Month	Number of ordinary shares	Highest price paid per share	Lowest price paid per share	Aggregate consideration
		HK$	HK$	HK$'000
December 2019	1,340,000	0.295	0.270	380
January 2020	690,000	0.300	0.295	204
March 2020	360,000	0.275	0.260	95
	2,390,000			679

All 2,390,000 ordinary shares repurchased are cancelled as at 31 March 2020. The aggregate consideration of approximately HK$0.7 million was paid out from the reserves of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company during FY2020.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During FY2020, there was no material acquisition and disposal of subsidiaries, associates and joint ventures of the Company. Details are set out in note 30 to the consolidated financial statements of this Annual Report.

DIRECTORS

The Directors during the Relevant Period were:

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

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

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

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

DIRECTORS' AND SENIOR MANAGEMENT MEMBERS' BIOGRAPHIES

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

DIRECTORS' SERVICE CONTRACTS

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

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

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

PERMITTED INDEMNITY PROVISION

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

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors during FY2020 and such permitted indemnity provision for the benefits of the Directors is currently in force.

CONTRACTS OF SIGNIFICANCE

Save as those disclosed in note 35 to the consolidated financial statement, there was no transaction, arrangement or contract of significance in relation to the business of the Group to which any member of the Group was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, during FY2020.

Save as those disclosed in note 35 to the consolidated financial statement, there was no contract of significance between the Company, or any of its subsidiaries, and a controlling Shareholder or any of its subsidiaries during FY2020.

Save as those disclosed in note 35 to the consolidated financial statement, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries during FY2020.

CONTRACTUAL ARRANGEMENT

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

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

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had 26 staff (31 March 2019: 31). The remuneration policy of the Group takes into consideration the relevant Director's or member of senior management's duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, our profit of the Group as a whole and comparable market levels. Apart from salary payments, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS AND REMUNERATION POLICY

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

MANAGEMENT CONTRACTS

During FY2020 and up to the date of this Annual Report, other than the service contracts of the Directors, the Company did not enter into or have any management and administrative contracts in respect of the whole or any substantial part of the principal businesses of the Company.

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

As at 31 March 2020, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered into the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Interest or short positions in the shares of the Company:

Name of Director	Capacity and nature of interest	Number of shares interested *(Note 2)*	Approximate percentage of the total issued share capital of the Company *(%)*
Mr. Ip *(Note 1)*	Beneficiary of a trust	557,200,000 (L)	69.6
	Beneficial owner	1,250,000 (L)	0.2
	Interest of a spouse	1,250,000 (L)	0.2
Mr. Chang	Beneficial owner	22,400,000 (L)	2.8
Ms. Leung	Beneficial owner	9,400,000 (L)	1.2

Notes:

1. KHHL is deemed to be interested in 557,200,000 shares of the Company through its wholly-owned subsidiary, Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan Kit Lai, Cecilia ("**Ms. Chan**") and as to 80.0% by Landmark Trust Switzerland SA ("**the Trustee**") on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Lam Ip Tin Wai Chyvette ("**Ms. Ip**") are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL Mr. Ip, the spouse of Ms. Ho, is deemed to be interested in 1,250,000 shares of the Company held by Ms. Ho by virtue of SFO.

2. The letters "L" denote a long position in the shares of the Company.

Interests in associated corporations of the Company:

Name	Name of associated corporation	Capacity and nature of interest	Interests in shares *(Note 1)*	Approximate percentage shareholding *(%)*
Mr. Ip	KHHL *(Note 2)*	Beneficiary of a trust	204 (L)	80.0
	I Corporation *(Note 3)*	Interest of spouse	14 (L)	20.0
Ms. Leung	Residence Motoki Investment Limited ("**Residence**")	Beneficial owner	20 (L)	0.33
Mr. Chang	Residence	Beneficial owner	10 (L)	0.17

Notes:

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

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

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

Save as disclosed above, as at 31 March 2020, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company and it's associated corporations" above and "Share option scheme" below, at no time during 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 31 March 2020, substantial shareholders (not being the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

(a) Interests or short positions in the shares of the Company

Name of shareholder	Capacity and nature of interest	Number of shares interested *(Note 1)*	Approximate percentage of the total issued share capital of the Company *(%)*
Flying Castle Limited	Beneficial owner	557,200,000 (L)	69.6
KHHL *(Note 2)*	Interest in a controlled corporation	557,200,000 (L)	69.6
The Trustee *(Note 2)*	Trustee	557,200,000 (L)	69.6
Ms. Chan *(Note 2)*	Founder of a discretionary trust	557,200,000 (L)	69.6
	Beneficial owner	1,250,000 (L)	0.2
Mr. Ip *(Note 2)*	Beneficiary of a trust	557,200,000 (L)	69.6
	Beneficial owner	1,250,000 (L)	0.2
	Interest of spouse	1,250,000 (L)	0.2
Ms. Ip *(Note 2)*	Beneficiary of a trust	557,200,000 (L)	69.6
	Beneficial owner	1,250,000 (L)	0.2
Ms. Ho *(Note 3)*	Interest of spouse	558,450,000 (L)	69.8
	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" denote a long position in the shares of the Company.

2. KHHL is deemed to be interested in the Company through its wholly-owned subsidiary, Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by The Trustee on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Ip are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL. 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 SFO, Ms. Ho, the spouse of Mr. Ip, is deemed to be interested in all the shares of the Company in which Mr. Ip is interested or deemed to be interested.

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

Name of shareholder	Name of member of our Group	Nature of interest	Number of shares *(Note)*	Percentage of shareholding *(%)*
Ms. Ho	I Corporation	Beneficial owner	14 (L)	20.0
Mr. Henry Shih	Smart Tact Property Investment Limited	Beneficial owner	922 (L)	10.0
	Residence	Beneficial owner	600 (L)	10.0
	Lynton Gate Limited	Beneficial owner	1 (L)	10.0
	EXE Rise Shimodori Investor Limited	Beneficial owner	12 (L)	10.0
Mr. Richard Lo	Residence	Interest in controlled corporations	600 (L)	10.0

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

Save as disclosed above, the Directors and chief executives of the Company are not aware that there is any party who, as at 31 March 2020, had or deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

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

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

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

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

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

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

During FY2020, no share options were granted by the Company and there was no share option outstanding under the share option scheme as at 31 March 2020.

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 (the "**2018 Granted Shares**") of the Company, credited as fully paid, as an incentive bonus to such employees of the Group (the "**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 of the 2018 Share Awards 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. During FY2020, 2,240,000 of the 2018 Granted Shares had been vested and as at 31 March 2020, such 2,240,000 ordinary shares of the Company had been issued to the respective employees.

On 3 July 2019, the Board had resolved to award conditionally an aggregate of 1,940,000 new shares (the "**2019 Granted 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 (the "**Connected Grant**"). Other grantees, who were 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 of the 2019 Share Awards 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 the Selected Employees Grant. During FY2020, 150,000 of the 2019 Granted Shares had been vested and as at 31 March 2020, such 150,000 ordinary shares of the Company had been issued to the respective employees.

EQUITY-LINKED AGREEMENTS

Save as "Share option scheme" and "Share awards" disclosed above, no equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during FY2020.

CONNECTED TRANSACTIONS

The Company has complied with disclosure requirements, to the extent they are not waived by the Stock Exchange, in accordance with Chapter 20 of the GEM Listing Rules with respect to the connected transactions entered into by the Group during FY2020. A summary of connected transaction entered into by the Group during FY2020 is contained in note 30 to the consolidated financial statements in this Annual Report.

A summary of the related party transactions entered into by the Group during FY2020 is contained in note 35 to the consolidated financial statements in this Annual Report. The transactions summarised in such note do not fall under the definition of "connected transactions" or "continuing connected transactions" under Chapter 20 of the GEM Listing Rules.

COMPETING INTERESTS

Save as disclosed in the section headed "Deed of non-competition" below and the Prospectus, none of the Directors, substantial shareholders and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group during FY2020 and the Relevant Period.

DEED OF NON-COMPETITION

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

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

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

On 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 indirect wholly-owned subsidiary of the Company, 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. The availability of the Dah Sing Facility Letter is subject to the periodic review of the bank.

Under the Hang Seng Facility Letter and Dah Sing Facility Letter mentioned above, the Company has undertaken that (i) Mr. Ip shall remain as chairman of the Board and maintain control over the management and business of the Company; and (ii) his beneficial interest in the Company, as required to be disclosed pursuant to the disclosure requirements under the GEM Listing Rules and the SFO, should be maintained at not less than 60.0%.

MAJOR CUSTOMERS

The top five customers of the Group for FY2020 were corporate finance clients and they in aggregate accounted for approximately HK$11.5 million (FY2019: approximately HK$17.7 million), representing approximately 19.2% (FY2019: approximately 22.8%) of the total revenue of the Group. The largest customer of the Group for FY2020 accounted for approximately HK$4.1 million or 6.9% of total revenue.

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

MAJOR TENANTS AND SUPPLIERS

The Group leases units of its properties to individuals and corporations in Japan and Hong Kong. The property portfolio of the Group accounts for an insignificant share of the overall Japanese real estate market. During FY2020, the Group leased a unit in Hong Kong to an independent third party and the rental revenue received from this party accounted for approximately 3.2% of total revenue (FY2019: 2.5%).

The Group engages property and asset managers to assist with the management and maintenance of its properties in Japan. In this regard, the suppliers are all based in Japan. During FY2020, services obtained from the largest supplier and the five largest suppliers of the Group accounted for approximately 4.6% and 11.5% of property expenses respectively, as compared with approximately 5.1% and 14.5% for FY2019.

As at the date of this Annual Report, so far as the Company is aware, none of the Directors, their close associates or any Shareholder, owning more than 5% of the share capital of the Company, had any interest in the tenants and suppliers of the Group as mentioned above.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

DONATIONS

During FY2020, donations of HK$17,000 (FY2019: HK$15,000) were made by the Group.

AUDITOR

The consolidated financial statements for FY2020 has been audited by SHINEWING (HK) CPA LIMITED. SHINEWING (HK) CPA LIMITED will retire and being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming AGM.

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

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

Hong Kong, 18 June 2020

INDEPENDENT AUDITOR'S REPORT

信永中和
ShineWing

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

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

OPINION

We have audited the consolidated financial statements of Altus Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 48 to 129, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Valuation of investment properties

Refer to note 19 to the consolidated financial statements and the accounting policies on page 62.

The key audit matter	How the matter was addressed in our audit
The directors of the Company have estimated the fair value of the Group's investment properties amounted to approximately HK$638,521,000 as at 31 March 2020 with a net decrease in fair value of investment properties of approximately HK$5,272,000 recorded in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2020. Independent external valuations were obtained in respect of the entire portfolio in order to support management's estimates. We consider valuation of investment properties as a key audit matter because of its significance to the consolidated financial statements and the valuations are dependent on certain key assumptions that require significant judgment including capitalisation rates and recent market transactions.	Our audit procedures in relation to the valuation of investments properties included assessing the valuation methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry in Hong Kong and Japan. We had also checked, on a sample basis, the accuracy and relevance of the input data used.

OTHER INFORMATION

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Hong Kong
18 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 MARCH 2019 AND 2020

	Notes	**2020 HK$'000**	2019 HK$'000
Revenue	*9*	**59,666**	77,655
Other income	*11*	**4,464**	132
Net (decrease) increase in fair value of investment properties	*19*	**(5,272)**	19,439
Changes in fair value of derivative financial liabilities		**27**	(596)
Property expenses		**(15,411)**	(11,711)
Administrative and operating expenses		**(34,693)**	(42,298)
Share of results of associates		**39**	19
Finance costs	*12*	**(4,900)**	(5,886)
Profit before tax		**3,920**	36,754
Income tax expense	*13*	**(2,470)**	(6,065)
Profit for the year	*14*	**1,450**	30,689
Other comprehensive income (expense) for the year			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translating of foreign operations		**4,451**	(15,695)
Share of translation reserve of an associate		**(2)**	–
Release of translation reserve upon liquidation of associates		**–**	(1)
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**(468)**	332
Other comprehensive income (expense) for the year		**3,981**	(15,364)
Total comprehensive income for the year		**5,431**	15,325
Profit for the year attributable to:			
Owners of the Company		**494**	29,746
Non-controlling interests		**956**	943
		1,450	30,689
Total comprehensive income for the year attributable to:			
Owners of the Company		**3,839**	14,443
Non-controlling interests		**1,592**	882
		5,431	15,325
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)	*17*	**(HK cent)**	(HK cents)
– Basic		**0.06**	3.72
– Diluted		**0.06**	3.70
Earnings per share excluding the net effect of fair value changes in investment properties, net of deferred taxation charged (underlying earnings per share)	*17*	**(HK cent)**	(HK cents)
– Basic		**0.94**	1.65
– Diluted		**0.93**	1.64

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019 AND 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	*18*	**41,440**	42,600
Investment properties and investment property under construction	*19*	**638,521**	600,442
Interest in an associate	*20*	**393**	–
Financial assets at fair value through other comprehensive income	*21*	**1,491**	4,049
Club memberships		**1,718**	1,718
Deferred tax asset	*28*	**1,505**	–
Right-of-use asset	*22*	**61**	–
Prepayment	*23*	**256**	50
		685,385	648,859
Current assets			
Trade and other receivables	*23*	**4,841**	7,430
Deposits placed in financial institutions	*24*	**642**	929
Bank balances and cash	*24*	**39,441**	38,281
		44,924	46,640
Current liabilities			
Trade and other payables	*25*	**12,165**	10,758
Lease liability	*22*	**63**	–
Tax payable		**4,404**	3,226
Secured bank borrowings	*26*	**66,916**	56,023
		83,548	70,007
Net current liabilities		**(38,624)**	(23,367)
Total assets less current liabilities		**646,761**	625,492
Non-current liabilities			
Secured bank borrowings	*26*	**150,923**	133,824
Derivative financial instruments	*27*	**667**	1,089
Other payables – tenant deposits – over 1 year	*25*	**1,511**	2,110
Deferred tax liabilities	*28*	**27,466**	25,430
		180,567	162,453
		466,194	463,039
Capital and reserves			
Share capital	*29*	**8,000**	8,000
Reserves		**443,774**	442,683
Equity attributable to owners of the Company		**451,774**	450,683
Non-controlling interests		**14,420**	12,356
		466,194	463,039

The consolidated financial statements on pages 48 to 129 were approved and authorised for issue by the board of directors on 18 June 2020 and are signed on its behalf by:

Arnold Ip Tin Chee
Director

Chang Sean Pey
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	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$'000	Share awards reserve (note iv) HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2019	8,000	71,288	98,812	627	10,790	319	(16,727)	277,574	450,683	12,356	463,039
Profit for the year	–	–	–	–	–	–	–	494	494	956	1,450
Other comprehensive (expense) income for the year:											
– Change in fair value of financial assets at fair value through other comprehensive income ("**FVTOCI**")	–	–	–	(468)	–	–	–	–	(468)	–	(468)
– Share of translation reserve of an associate	–	–	–	–	–	–	(2)	–	(2)	–	(2)
– Exchange differences arising on translating of foreign operations	–	–	–	–	–	–	3,815	–	3,815	636	4,451
	–	–	–	(468)	–	–	3,813	–	3,345	636	3,981
Total comprehensive (expense) income for the year	–	–	–	(468)	–	–	3,813	494	3,839	1,592	5,431
Contribution from shareholder (note 38(A))	–	–	–	–	529	–	–	–	529	–	529
Share repurchased and cancelled (note 29)	(24)	(655)	–	–	–	–	–	–	(679)	–	(679)
Vested shares for share awards (note 38(B))	24	803	–	–	–	(827)	–	–	–	–	–
Acquisition of additional interest in a subsidiary (note 30)	–	–	(25)	–	–	–	–	–	(25)	(2,595)	(2,620)
Disposal of partial interest in a subsidiary without losing control (note 30)	–	–	32	–	–	–	–	–	32	3,312	3,344
Share based payment (note 38(B))	–	–	–	–	–	755	–	–	755	–	755
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	–	–	(245)	(245)
Dividends paid (note 16)	–	–	–	–	–	–	–	(3,360)	(3,360)	–	(3,360)
At 31 March 2020	8,000	71,436	98,819	159	11,319	247	(12,914)	274,708	451,774	14,420	466,194

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

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

Notes:

(i) Share premium represents i) the difference between the shareholders' contribution and the issued capital, ii) the difference between the consideration paid for repurchase of shares of the Company and the reduction of share capital and iii) the difference between the increase in share capital and the deduction of share awards reserve at the date of shares being vested. The share premium 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 or obtaining control and they are accounted for as equity transactions.

(iii) Amounts represent the employee benefits borne by the ultimate holding company, details of which are set out in note 38(A) to the consolidated financial statements.

(iv) Amounts represent the employee benefits for the purposes of recognising and rewarding their contribution, which borne by the Company, details of which are set out in note 38(B) to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2019 AND 2020

	2020	2019
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Profit before tax	**3,920**	36,754
Adjustments for:		
Finance costs	**4,900**	5,886
Bank interest income	**(6)**	(14)
(Reversal of) impairment loss of trade receivables, net	**(1,522)**	2,511
Depreciation of property, plant and equipment	**1,216**	1,323
Depreciation of right-of-use asset	**246**	–
Share based payments	**1,284**	2,101
Net (increase) decrease in fair value of derivative financial liabilities	**(27)**	596
Share of results of associates	**(39)**	(19)
Net decrease (increase) in fair value of investment properties	**5,272**	(19,439)
Dividend income from financial assets at FVTOCI	**(110)**	(118)
Written off of property, plant and equipment	**–**	1
Operating cash flows before movements in working capital	**15,134**	29,582
Decrease (increase) in trade and other receivables	**3,905**	(3,668)
Increase (decrease) in trade and other payables	**838**	(1,809)
CASH GENERATED FROM OPERATIONS	**19,877**	24,105
Income tax paid	**(1,072)**	(3,717)
NET CASH FROM OPERATING ACTIVITIES	**18,805**	20,388
INVESTING ACTIVITIES		
Purchase of investment properties	**(36,971)**	(5,198)
Acquisition of an associate	**(356)**	–
Purchase of financial assets at FVTOCI	**(257)**	(787)
Purchase of property, plant and equipment	**(56)**	(69)
Proceed from disposal of financial assets at FVTOCI	**2,358**	–
Dividends received from financial assets at FVTOCI	**110**	118
Interest received	**6**	14
Purchase of club memberships	**–**	(200)
Dividends received from associates	**–**	2,963
NET CASH USED IN INVESTING ACTIVITIES	**(35,166)**	(3,159)

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2019 AND 2020

		Year ended 31 March	
		2020	2019
	Notes	**HK$'000**	HK$'000
FINANCING ACTIVITIES			
New borrowings raised		**115,506**	58,778
Proceeds from disposal of partial interest in a subsidiary without losing control	*30*	**3,344**	–
Repayments of borrowings		**(89,274)**	(74,939)
Interest paid		**(4,852)**	(5,886)
Dividends paid		**(3,675)**	(4,030)
Acquisition of additional interest in a subsidiary	*30*	**(2,620)**	(1,220)
Payment on repurchase of own shares		**(679)**	–
Repayment of principal element of lease liability		**(244)**	–
Repayment of interest element of lease liability		**(8)**	–
Return of capital to non-controlling interests		**–**	(1,129)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		**17,498**	(28,426)
Net increase (decrease) in cash and cash equivalents		**1,137**	(11,197)
Cash and cash equivalents at the beginning of the year		**39,210**	51,658
Effect of foreign exchange rate changes		**(264)**	(1,251)
Cash and cash equivalents at the end of the year		**40,083**	39,210
Analysis of components of cash and cash equivalents:			
Deposits placed in financial institutions		**642**	929
Bank balances and cash		**39,441**	38,281
		40,083	39,210

1. GENERAL

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

The Company is engaged in investment holding and its subsidiaries (collectively referred to as the "**Group**") are mainly engaged in the provision of corporate finance services and property investments. Its subsidiaries invest in Japan properties by entering into Japanese tokumei kumiai arrangements ("**TK Agreements**") as a tokumei kumiai investor ("**TK Investor**") with Japanese limited liability companies known as tokumei kumiai operators ("**TK Operators**"), which are the property holding companies.

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going Concern

Notwithstanding that the Group has incurred net current liabilities of approximately HK$38,624,000 as at 31 March 2020, the consolidated financial statements as at 31 March 2020 have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year after taking into consideration that the Group has unutilised available banking facilities of approximately HK$51,455,000 as at 31 March 2020.

Accordingly, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2020. The directors of the Company are satisfied that it is appropriate to prepare these financial statements on a going concern basis. The consolidated financial statements as at 31 March 2020 do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

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

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

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

The adoption of HKFRS 16 resulted in the changes in the Group's accounting policies and adjustment to the amounts recognised in the consolidated financial statements as summarised below.

The application of other new or amendments to HKFRSs in the current year had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 4. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) – 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

The Group as lessee

On the adoption of HKFRS 16, the Group recognised lease liability in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liability on 1 April 2019 is 4.0%

The Group recognises right-of-use asset and measures it at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments for all leases. The Group recognised lease liability of approximately HK$307,000 and right-of-use asset of approximately HK$307,000 at 1 April 2019. There is no impact on the opening balance of equity.

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

Impacts on adoption of HKFRS 16 Leases *(Continued)*

The Group as lessee *(Continued)*

Differences between operating lease commitments as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liability recognised as at 1 April 2019 are as follow:

	HK$' 000
Operating lease commitment disclosed as at 31 March 2019	315
Discounted using the incremental borrowing rate and lease liability recognised as at 1 April 2019	307
Analysed as:	
Current portion	244
Non-current portion	63
	307

Practical expedients applied

On the date of initial application of HKFRS 16, the Group has also used the following practical expedient permitted by the standard:

– the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

In the consolidated statement of cash flow, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. The total cash flows are unaffected. The adoption of HKFRS 16 has resulted in an insignificant change in presentation of cash flows within the cash flow statement.

The Group as lessor

The Group leases all investment properties. In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated. The accounting policies applicable to the Group as lessor remain substantially unchanged from those under HKAS 17.

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]
Amendments to HKFRS 16	COVID-19 Related Rent Concessions[2]

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

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Contract liabilities

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

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

Variable consideration

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

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

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

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

Property, plant and equipment

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Ownership interests in leasehold land and buildings

For payments of ownership interest of properties which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building element, except for those that are classified and accounted for as investment properties.

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

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

Investment properties and investment property under construction

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

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

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

Upon adoption of HKFRS 16 on 1 April 2019, investment properties included leased properties which are being recognised as right-of-use assets and leased out under operating leases.

Leasing

Policy applicable to the year ended 31 March 2020 (with application of HKFRS 16)

Definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as leasee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

Policy applicable to the year ended 31 March 2020 (with application of HKFRS 16) *(Continued)*

The Group as leasee *(Continued)*

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) and less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses except for the right-of-use assets classified as investment properties and measured as fair value model. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

Policy applicable to the year ended 31 March 2020 (with application of HKFRS 16) *(Continued)*

The Group as leasee *(Continued)*

Right-of-use assets (Continued)

The Group presents right-of-use assets that do not meet the definitions of investment property as a separate line in the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within "investment property".

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Policy applicable to the year ended 31 March 2019 (with application of HKAS 17)

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

The Group as lessor

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

The Group as lessee

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasehold land and building

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

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

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liability or assets are expected to be settled or recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liability, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liability.

For leasing transactions in which the tax deductions are attributable to the lease liability, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liability separately. Temporary differences relating to right-of-use assets and lease liability are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Current and deferred taxes are recognised in profit or loss.

Foreign currencies

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

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

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

On the disposal of a foreign operation (i.e. a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. For a partial disposal of a subsidiary that does not result in the Group losing control, the proportionate share of the accumulated exchange differences is reclassified to other reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Club memberships

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

Impairment losses on tangible and intangible assets

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

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

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

Retirement benefit costs

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Short-term and other long-term employee benefits

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

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

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

Cash and cash equivalents

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

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at amortised cost (debt instruments)

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

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

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

(i) Amortised cost and effective interest method

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at amortised cost (debt instruments) *(Continued)*

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

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

Equity instruments designated as at FVTOCI

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

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

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

Impairment of financial assets

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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

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

Significant increase in credit risk

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Significant increase in credit risk *(Continued)*

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

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

Definition of default

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

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

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

Credit-impaired financial assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Write-off policy

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

Measurement and recognition of expected credit losses

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

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

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

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

Derecognition of financial assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

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

Borrowing costs

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

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

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

Share awarded to employees

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

Fair value measurement

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is unobservable.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Control in the TK Operators

The Group invests in the certain investment properties located in Japan by entering into TK Agreements as a TK Investor with Japanese limited liability companies known as TK Operators, which are the property holding companies. The relationship between the TK Operators and TK Investors is governed by TK Agreements, whereby the TK Investors provide funds to the TK Operators in return for income derived from the investments properties held by the TK Operators. Under the TK Agreements, profits or losses generated from TK Operators will be returned to the Group periodically. Therefore, the Group is exposed to the substantial of risks and rewards from its agreements with the TK Operators and the underlying property holding business. Besides, the Group exercises its' control over the TK Operators by making decisions to direct the relevant activities, e.g. investment decision making (including acquisition and disposal of the properties and financing activities), monitoring of the leasing status and rental return from the properties, etc. Based on the substances of the arrangement and the legal advice, the directors of the Company are of the view that the Group is able to exercise control in the TK Operators during the years ended 31 March 2019 and 2020.

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

Critical judgements in applying accounting policies *(Continued)*

Going concern and liquidity

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

Key source of estimation uncertainty

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

Depreciation of property, plant and equipment

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

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

The impairment loss on property, plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of land and building included in property, plant and equipment have been determined based on fair value less cost of disposal. The directors of Company select an appropriate technique to determine the recoverable amounts of land and building. These calculations require the use of estimates such as market comparable in similar areas and the relevant adjustments (e.g. size, age of the property, location, etc.). As at 31 March 2020, the carrying values of land and building included in property, plant and equipment were approximately HK$41,308,000 (2019: HK$42,292,000). No impairment loss was recognised during the years ended 31 March 2020 and 2019.

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties being recognised in profit or loss. The carrying amount of investment properties measured at fair value at 31 March 2020 was approximately HK$638,521,000 (2019: HK$599,681,000).

6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group mainly consists of net debt which includes the lease liability disclosed in note 22, secured bank borrowings disclosed in note 26, net of cash and cash equivalent and equity attributable to owners of the Company, comprising share capital and reserves.

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

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

There is no non-compliance of the capital requirements of Altus Investments and Altus Capital imposed by the Securities and Futures (Financial Resources) Rules during the years ended 31 March 2020 and 2019.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a. Categories of financial instruments

	At 31 March 2020 HK$'000	At 31 March 2019 HK$'000
Financial assets		
Financial assets at FVTOCI	**1,491**	4,049
Financial assets at amortised cost (including cash and cash equivalents)	**43,137**	45,533
Financial liabilities		
At amortised cost	**229,250**	200,793
Derivative financial liabilities	**667**	1,089

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

b. Financial risk management objectives and policies

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

(i) Currency risk

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

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

	Assets		**Liabilities**	
	As at 31 March 2020 HK$'000	As at 31 March 2019 HK$'000	**As at 31 March 2020 HK$'000**	As at 31 March 2019 HK$'000
JPY	**5,323**	7,164	**(8,963)**	–

Sensitivity analysis

The Group is mainly exposed to the currency of JPY.

The following table details the Group's sensitivity to a 10% (2019: 10%) increase and decrease in HK$ against JPY. The 10% are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% (2019: 10%) change in foreign currency rates. The sensitivity analysis includes external bank borrowings where the denomination of the borrowings is in a currency other than a functional currency of the borrower.

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

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

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

(i) Currency risk (Continued)

Sensitivity analysis *(Continued)*

	JPY	
	2020	2019
	HK$'000	HK$'000
Profit or loss	**(304)**	598

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate secured bank borrowings, bank balances and derivative financial instruments. As at 31 March 2020, approximately HK$76,667,000 (2019: HK$46,000,000) of the Group's secured bank borrowings were carried at variable rates.

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

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2019: 100 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If the interest rate on variable bank borrowings had been 100 basis points (2019: 100 basis points) higher or lower and all other variables held constant, the Group's post-tax profit for the year ended 31 March 2020 would decrease or increase by approximately HK$640,000 (2019: HK$384,000). This is mainly attributable to the Group's exposure to interest rates on its secured bank borrowings.

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

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

(iii) Other price risk

The Group is mainly exposed to equity price risk through its investments in listed equity securities. The directors of the Company manage this exposure by maintaining the investments with appropriate risk level. The management of the Company monitors the price risk and considers hedging the risk exposure should the need arise.

Sensitivity analysis

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

As at 31 March 2020 and 31 March 2019, if the price of the respective listed equity instruments held had been 10% higher/lower:

Investment revaluation reserve as at 31 March 2020 would increase/decrease by approximately HK$125,000 (2019: HK$380,000), as a result of the changes in fair values of financial assets at FVTOCI.

(iv) Credit risk

At 31 March 2020 and 31 March 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group determines credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

As at 31 March 2020 and 31 March 2019, for trade receivables and lease receivables (both include in trade receivables), the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on an individual basis for customer with significant balances, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

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

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

(iv) Credit risk (Continued)

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

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

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

The Group's exposure to credit risk

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

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

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

(iv) Credit risk (Continued)

The Group's exposure to credit risk *(Continued)*

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

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

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

As at 31 March 2020, the Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 99% (2019: 99%) of total trade receivables.

As at 31 March 2020 and 2019, no trade receivable was due from the Group's largest customers. As at 31 March 2020, 41% (2019: 55%) of the total trade receivables were due from the five largest customers within the corporate finance services segment.

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

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

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

(v) Liquidity risk

As at 31 March 2020, the Group is exposed to liquidity risk as the Group has net current liabilities of approximately HK$38,624,000 (2019: HK$23,367,000). In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. The Group did not breach any of loan covenants during the two years ended 31 March 2020 and 31 March 2019.

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

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

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

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

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

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

Liquidity tables

	On demand or within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2020						
Non-derivative financial liabilities						
Trade and other payables	9,900	1,511	–	–	11,411	11,411
Secured bank borrowings	68,778	13,741	38,933	123,947	245,399	217,839
	78,678	15,252	38,933	123,947	256,810	229,250
Derivatives – net settlement						
Interest rate swaps	8	8	26	15	57	667

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

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

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

Liquidity tables *(Continued)*

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

As at 31 March 2019, secured bank borrowings with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. The aggregate undiscounted principal amounts of these secured bank borrowings amounted to approximately HK$20,000,000 (2020: nil). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such secured bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$24,184,000 (2020: N/A).

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

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

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

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

	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	31 March 2020 HK$'000	31 March 2019 HK$'000		
Financial asset at FVTOCI				
Listed equity securities	**1,254**	3,800	Level 1	Quoted bid prices in active market
Unlisted equity investments (note)	**237**	249	Level 3	By reference to the capitalised income/ profit derived from existing operation

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

Financial liability at FVTPL				
Derivative financial liabilities	**667**	1,089	Level 2	Quoted from banks using discounted cash flows with observable forward interest rates from the market

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

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

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

	HK$' 000
At 1 April 2018	–
Adoption of HKFRS 9	193
Exchange realignment	56
At 31 March 2019 and 1 April 2019	249
Decrease in fair value of investment	(12)
At 31 March 2020	**237**

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

There were no transfers between levels of fair value hierarchy during the years ended 31 March 2020 and 2019.

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

9. REVENUE

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

	2020 HK$'000	2019* HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by the major services line:		
Corporate finance services income (note 10)	21,967	40,885
Revenue from other source:		
Rental income for investment properties under operating leases – fixed lease payments (Note)	37,699	36,770
	59,666	77,655

Revenue generated from corporate finance services during the year ended 31 March 2020 and 31 March 2019 are recognised over time.

* The amount for the year ended 31 March 2019 were recognised under HKAS 17 Leases.

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

	2020 HK$'000	2019 HK$'000
Gross rental income from investment properties	37,699	36,770
Direct operating expenses incurred for investment properties that generated rental income during the year (included in property expenses)	(15,411)	(11,711)
Net rental income	22,288	25,059

Transaction price allocated to the remaining performance obligations

As at 31 March 2020 and 31 March 2019, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK$13,381,000 (2019: HK$12,922,000). 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$11,153,000 and HK$2,228,000 (2019: HK$11,822,000 and HK$1,100,000) are expected to be recognised within 1 year and after 1 year respectively.

10. SEGMENT INFORMATION

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

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

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

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

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

Year ended 31 March 2020

	Corporate finance services HK$'000	Property investment HK$'000	Total HK$'000
REVENUE			
External revenue and segment revenue	21,967	37,699	59,666
RESULT			
Segment profit	9,400	14,976	24,376
Other income and expenses, net			(18,573)
Share of results of an associate			39
Finance costs			(1,922)
Profit before tax			3,920

10. SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2019

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

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

10. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

Segment assets

	2020 **HK$'000**	2019 HK$'000
Corporate finance services	**1,767**	5,669
Property investment	**641,582**	601,973
Total segment assets	**643,349**	607,642
Unallocated	**86,960**	87,857
Total assets	**730,309**	695,499

Segment liabilities

	2020 **HK$'000**	2019 HK$'000
Corporate finance services	**427**	230
Property investment	**174,371**	155,689
Total segment liabilities	**174,798**	155,919
Unallocated	**89,317**	76,541
Total liabilities	**264,115**	232,460

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, right-of-use asset, deferred tax asset, financial assets at FVTOCI, club memberships, certain other receivables, interests in an associate, deposits placed in financial institutions, bank balances and cash and other corporate assets; and
- all liabilities are allocated to operating segments other than certain other payables, lease liability, tax payable, certain secured bank borrowings, derivative financial liabilities, deferred tax liabilities and other corporate liabilities.

10. SEGMENT INFORMATION *(Continued)*

Other segment information

	Corporate finance services		Property investment		Unallocated		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
For the year ended 31 March								
Amounts included in the measure of segment profit or segment assets:								
Additions to non-current assets (note)	**–**	–	**36,971**	5,198	**56**	69	**37,027**	5,267
(Decrease) increase in fair value of investment properties, net	**–**	–	**(5,272)**	19,439	**–**	–	**(5,272)**	19,439
Reversal of impairment loss of trade receivables	**(1,544)**	–	**–**	–	**–**	–	**(1,544)**	–
Impairment loss of trade receivables	**–**	2,492	**22**	19	**–**	–	**22**	2,511
Finance costs	**–**	–	**2,978**	3,608	**1,922**	2,278	**4,900**	5,886

10. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

	Corporate finance services		Property investment		Unallocated		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
For the year ended 31 March								
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:								
Bank interest income	–	–	–	–	**(6)**	(14)	**(6)**	(14)
Dividend income from financial assets at FVTOCI	–	–	–	–	**(110)**	(118)	**(110)**	(118)
Net (increase) decrease in fair value of derivative financial liabilities	–	–	–	–	**(27)**	596	**(27)**	596
Depreciation of property, plant and equipment	–	–	–	–	**1,216**	1,323	**1,216**	1,323
Depreciation of rights of use asset	–	–	–	–	**246**	–	**246**	–
Written off of property, plant and equipment	–	–	–	–	**–**	1	**–**	1
Share of results of associates	–	–	–	–	**(39)**	(19)	**(39)**	(19)
Interest in an associate	–	–	–	–	**393**	–	**393**	–
Income tax expense	–	–	–	–	**2,470**	6,065	**2,470**	6,065

Note: Non-current assets excluded financial assets at FVTOCI, club memberships, prepayment, deferred tax asset and interest in an associate.

10. SEGMENT INFORMATION *(Continued)*

Revenue from major services

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

	2020 HK$'000	2019 HK$'000
Sponsorship services	**10,829**	30,138
Financial advisory services	**5,255**	6,727
Compliance advisory services	**5,259**	3,516
Other corporate finance services	**624**	504
	21,967	40,885
Rental income	**37,699**	36,770
	59,666	77,655

Geographic information

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

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets, excluding financial assets at FVTOCI, club memberships, deferred tax asset, prepayment and interest in an associate, is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2020 **HK$'000**	2019 HK$'000	**2020** **HK$'000**	2019 HK$'000
Hong Kong	**23,906**	42,820	**123,501**	129,300
Japan	**35,760**	34,835	**556,521**	513,742
	59,666	77,655	**680,022**	643,042

During the years ended 31 March 2020 and 2019, there was no single customer contributing over 10% of the Group's total revenue.

11. OTHER INCOME

	2020 HK$' 000	2019 HK$' 000
Bank interest income	6	14
Recovered from insurance company (Note)	2,732	–
Dividend income from financial assets at FVTOCI	110	118
Net exchange gain	72	–
Reversal of impairment loss of trade receivables	1,544	–
	4,464	132

Note: The amount mainly represents a one-off compensation received from an insurance company in relation to a fire accident occurred for an investment property located in Japan in prior year.

12. FINANCE COSTS

	2020 HK$' 000	2019 HK$' 000
Interests on:		
Secured bank borrowings	4,892	5,886
Lease liability	8	–
	4,900	5,886

13. INCOME TAX EXPENSE

	2020 HK$' 000	2019 HK$' 000
Current tax:		
Hong Kong Profits Tax	263	910
Japanese Corporate Income Tax	47	89
Japanese Withholding Tax	1,939	1,939
	2,249	2,938
Deferred taxation (note 28)	221	3,127
	2,470	6,065

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the years ended 31 March 2020 and 31 March 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

13. INCOME TAX EXPENSE *(Continued)*

Under the Japan Corporate Income Tax Law, Japanese corporate income tax is calculated at 33.58% of the estimated assessable profits for the year ended 31 March 2020 (2019: 33.59%). However, regarding to the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for the years ended 31 March 2020 and 2019.

Japanese Withholding Tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for the years ended 31 March 2020 and 2019.

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

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

	2020 **HK$'000**	2019 HK$'000
Profit before tax	**3,920**	36,754
Tax at the domestic income tax rates in the respective jurisdictions	**2,321**	8,963
Tax effect of share of results of associates	**6**	–
Tax effect of expenses not deductible for tax purpose	**1,509**	1,125
Tax effect of income not taxable for tax purpose	**(145)**	(2,319)
Income tax on concessionary rate	**(950)**	(1,720)
Tax effect of tax losses and deductible temporary differences not recognised	**72**	221
Utilisation of tax losses and deductible temporary differences previously not recognised	**(303)**	–
Effect of two-tiered profits tax rates regime	**–**	(165)
Effect of tax exemptions granted (note)	**(40)**	(40)
Income tax expense	**2,470**	6,065

Details of deferred taxation are set out in note 28.

Note: A tax concession of 75%, subject to a ceiling of HK$20,000 (2019: HK$20,000) per company, for the Group's subsidiaries under Hong Kong jurisdiction for both years ended 31 March 2020 and 2019.

14. PROFIT FOR THE YEAR

	2020 **HK$'000**	2019 HK$'000
Profit for the year has been arrived at after charging:		
Staff cost, excluding directors' emoluments (note 15a):		
– Salaries, bonus and other benefits	**13,597**	14,229
– Contributions to retirement benefits scheme	**438**	462
Total staff costs excluding directors' emoluments	**14,035**	14,691
Auditors' remuneration	**750**	980
Depreciation of property, plant and equipment	**1,216**	1,323
Depreciation of right-of-use asset	**246**	–
Share based payments (note 38)		
– Share options	**529**	1,782
– Shares award	**755**	319
Impairment loss of trade receivables	**22**	2,511
Expenses related to the proposed transfer of listing of the Company's shares to the Main Board of the Stock Exchange	**323**	2,030
Net exchange loss	**–**	375
Operating lease paid for rented office premises (Note)	**N/A**	241
Written off of property, plant and equipment	**–**	1

Note: During the year ended 31 March 2019, the rental of office premises was disclosed under HKAS 17 Lease.

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

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

Year ended 31 March 2020

	Fees HK$'000	Salaries, and other benefits HK$'000	Discretionary bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Share based payments HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings						
Executive directors:						
Arnold Ip Tin Chee	–	600	–	18	–	618
Chang Sean Pey	–	2,341	1,669	18	348	4,376
Leung Churk Yin Jeanny	–	900	2,062	18	181	3,161
Independent non-executive directors:						
Chao Tien Yo	120	–	–	–	–	120
Chan Sun Kwong	120	–	–	–	–	120
Lee Shu Yin	120	–	–	–	–	120
Total emoluments	360	3,841	3,731	54	529	8,515

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

(a) Directors' emoluments *(Continued)*

Year ended 31 March 2019

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

During the years ended 31 March 2020 and 2019, no director has been appointed as chief executive of the Company.

During the years ended 31 March 2020 and 2019, none of the directors of the Company waived or agreed to waive any emoluments.

During the years ended 31 March 2020 and 2019, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

In prior years, the ultimate holding company, KHHL, has issued share options to two of the directors of the Company. During the years ended 31 March 2020 and 2019, the fair value of the share option recognised is amounted to approximately HK$529,000 and HK$1,782,000 respectively. Details of the share options are set out in note 38.

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

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

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, during the years ended 31 March 2020, two (2019: two) were directors of the Company whose emoluments are included in the note 15(a) above. The emoluments of the remaining three (2019: three) individuals were as follows:

	2020	2019
	HK$'000	HK$'000
Salaries and other benefits	**2,371**	2,289
Discretionary bonus	**1,806**	1,868
Contributions to retirement benefits scheme	**54**	54
Share based payment	**690**	320
	4,921	4,531

Their emoluments were within the following bands:

	2020	2019
	No. of Employees	No. of Employees
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,500,000	**2**	2

During the years ended 31 March 2020 and 2019, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. DIVIDENDS

During the year ended 31 March 2020, final dividends of HK$1,600,000 (HK0.2 cent per share) and special dividends of HK$160,000 (HK0.02 cent per share) in respect of the year ended 31 March 2019 and interim dividends of HK$1,600,000 (HK0.2 cent per share) in respect of the year ended 31 March 2020 was declared and paid to the shareholders of the Company.

Subsequent to the end of the reporting period, final dividends of HK$800,000 (HK0.1 cent per share) in respect of the year ended 31 March 2020 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

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

17. EARNINGS PER SHARE

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

(a) Number of shares

	2020 **’000**	2019 ’000
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	**799,853**	800,000
Effect of dilutive potential ordinary shares:		
Share awards	**5,605**	3,090
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**805,458**	803,090

Note: During the year, the Company repurchased 2,390,000 ordinary shares on the Stock Exchange. The total amount paid to repurchase these ordinary shares was approximately HK$0.7 million. All the repurchased shares had been cancelled as at 31 March 2020.

During the year, the Company issued 2,390,000 ordinary shares to the relevant employees of share awards upon vesting. Details are set out in note 38 of notes to the consolidated financial statements.

17. EARNINGS PER SHARE *(Continued)*

(b) Reported earnings

	2020 **HKD'000**	2019 HKD'000
Earnings for the purpose of basic and diluted earnings per share (Profit for the year ended attributable to owners of the Company)	**494**	29,746

(c) Underlying earnings

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are 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:

	2020 **HKD'000**	2019 HKD'000
Earnings for the purpose of basic and diluted earnings per share (Profit for the year ended attributable to owners of the Company)	**494**	29,746
Decrease/(increase) in fair value of investment properties, net of deferred taxation charged	**7,008**	(16,539)
Earnings for the purpose of basic and diluted earnings per share (Underlying profit attributable to the owners of the Company)	**7,502**	13,207

18. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK$' 000	Leasehold improvement HK$' 000	Furniture, fixtures and equipment HK$' 000	Total HK$' 000
COST				
At 1 April 2018	49,184	9,261	3,075	61,520
Additions	–	–	69	69
Write-off	–	–	(4)	(4)
At 31 March 2019 and 1 April 2019	49,184	9,261	3,140	61,585
Additions	–	–	56	56
At 31 March 2020	**49,184**	**9,261**	**3,196**	**61,641**
ACCUMULATED DEPRECIATION				
At 1 April 2018	5,908	9,125	2,632	17,665
Charged for the year	984	78	261	1,323
Write-off	–	–	(3)	(3)
At 31 March 2019 and 1 April 2019	6,892	9,203	2,890	18,985
Charged for the year	984	46	186	1,216
At 31 March 2020	**7,876**	**9,249**	**3,076**	**20,201**
CARRYING VALUES				
At 31 March 2020	**41,308**	**12**	**120**	**41,440**
At 31 March 2019	42,292	58	250	42,600

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

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

The Group has pledged its land and building with a carrying value of approximately HK$41,308,000 (2019: HK$42,292,000) to secure bank borrowings of the Group as at 31 March 2020.

19. INVESTMENT PROPERTIES AND INVESTMENT PROPERTY UNDER CONSTRUCTION

	2020 HK$' 000	2019 HK$' 000
Investment properties stated at fair value (note a)	**638,521**	599,681
Investment property under construction stated at cost (note b)	–	761
	638,521	600,442

Notes:

a) Investment properties stated at fair value

	HK$' 000
At 1 April 2018	595,973
Exchange realignment	(21,783)
Transfer from investment property under construction	2,920
Additions	3,132
Net increase in fair value recognised in profit or loss	19,439
At 31 March 2019 and 1 April 2019	599,681
Exchange realignment	6,366
Transfer from investment property under construction	2,259
Additions	35,487
Net decrease in fair value recognised in profit or loss	(5,272)
At 31 March 2020	**638,521**

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

For the investment property located in Hong Kong, the fair value of investment property at 31 March 2020 and 2019 has been arrived at on the basis of a valuation carried out by independent qualified professional valuer who is the member of The Hong Kong Institution of Surveyors and has recent experience in the location and category of the investment property being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions. Details of the valuation techniques and assumptions are discussed below.

For the investment properties located in Japan, the fair value of investment properties at 31 March 2020 and 31 March 2019 has been arrived at on the basis of a valuation carried out by the independent qualified professional valuers, who are the member of Japan Association of Real Estate Appraisers and each has recent experience in the location and category of the investment properties being valued. The valuation was arrived at by using income method – direct capitalisation approach which involves estimation of income and expenses, taking into account of expected future changes in economic and social conditions. Details of the valuation techniques and assumptions are discussed below.

There has been no change from valuation technique used during the years ended 31 March 2020 and 2019. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

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

Notes: *(Continued)*

b) Investment property under construction stated at cost

	HK$'000
COST	
At 1 April 2018	1,687
Additions	2,066
Exchange realignment	(72)
Transfer to investment property	(2,920)
At 31 March 2019 and 1 April 2019	761
Additions	1,484
Exchange realignment	14
Transfer to investment property	(2,259)
Construction costs incurred at 31 March 2020	–

An investment property under construction stated at cost is located in Japan and under construction as at 31 March 2019 of approximately HK$761,000 (2020: nil). During the year, the construction was completed and transferred to investment property stated at fair value. The property interest held under construction as at 31 March 2019 was stated at cost as the directors of the Company considered that the fair value of the investment property under construction cannot be reliably measured. Such property is currently held under operating leases to earn rentals or for capital appreciation purposes.

The Group has pledged its investment properties with a carrying value of approximately HK$607,704,000 (2019: HK$572,307,000) to secure banking facilities granted to the Group as at 31 March 2020.

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

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Fair value as at 31 March 2020 HK$'000**
Investment properties	**–**	**82,000**	**556,521**	**638,521**

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

There were no transfers between levels of fair value hierarchy during both years.

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

The following table gives information about how the fair values of the investment properties as at 31 March 2020 and 2019 are determined (in particular, the valuation techniques and inputs used):

	Fair value hierarchy	**Fair value as at 31 March 2020 HK$' 000**	Fair value as at 31 March 2019 HK$' 000	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship key inputs and significant unobservable inputs to fair value
Investment property located in Hong Kong	Level 2	**82,000**	86,700	Market Comparison approach – by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available	N/A	N/A	N/A
Investment properties located in Japan	Level 3	**556,521**	512,981	Income method – direct capitalisation approach, by reference to capitalised income derived from exiting tenancies and the reversionary potential of the properties	– Capitalisation rate	Ranged from 3.0% to 6.5% (2019: 3.0% to 6.5%)	The higher the capitalisation rate, the lower the fair value

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

	Total HK$' 000
At 1 April 2018	522,473
Additions	3,330
Exchange adjustments	(21,981)
Transfer from investment property under construction	2,920
Net increase in fair value recognised in profit or loss	6,239
At 31 March 2019 and 1 April 2019	512,981
Additions	35,487
Exchange adjustments	6,366
Transfer from investment property under construction	2,259
Net decrease in fair value recognised in profit or loss	(572)
At 31 March 2020	**556,521**

During the year ended 31 March 2020, the net decrease in fair value recognised in profit or loss of approximately HK$572,000 (2019: net increase in fair value of HK$6,239,000) are included in net decrease in fair value of investment properties. Included in the net decrease in fair value is amount of approximately HK$572,000 (2019: net increase in fair value of HK$6,239,000) that is attributable to the change in unrealised gains or losses relating to investment properties held at the end of the reporting period.

20. INTERESTS IN AN ASSOCIATE

	2020 HK$'000	2019 HK$'000
Costs of investments in an associate, unlisted	356	–
Share of post-acquisition profits and other comprehensive income	37	–
	393	–

As at 31 March 2020 and 2019, the Group had interests in the following associate:

Name of entity	Form of entity	Place of incorporation/ operation	Class of shares held	Proportion of nominal value of issued capital and voting right directly held by the Group At 31 March 2020	Proportion of nominal value of issued capital and voting right directly held by the Group At 31 March 2019	Principal activities
KK Ascent Plus (note)	Incorporated	Japan	Ordinary	20%	–	Asset management

Note: During the year ended 31 March 2020, the Group acquired of 20% equity interest in KK Ascent Plus with total cash consideration JPY4,940,000 (equivalent to approximately HK$356,000) from an independent third party.

The associate company provided services to the Group's subsidiaries during this year. For the details, please refer to note 35(a).

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 HK$'000	2019 HK$'000
Equity instruments designated at FVTOCI		
– Listed	1,254	3,800
– Unlisted	237	249
Total	1,491	4,049

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

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

22. RIGHT-OF-USE ASSET AND LEASE LIABILITY

(i) Right-of-use asset

Upon adoption of HKFRS 16, on 1 April 2019, the Group recognised right-of-use asset of approximately HK$307,000, representing a leased property in Hong Kong. As at 31 March 2020, the carrying amounts of right-of-use asset were approximately HK$61,000 in respect of the leased property.

The Group has lease arrangement for office. The lease term is three years.

(ii) Lease liability

	31/3/2020	1/4/2019
	HK$' 000	HK$' 000
Non-current	**–**	63
Current	**63**	244
	63	307

Upon adoption of HKFRS 16, on 1 April 2019, the Group recognised lease liability of approximately HK$307,000.

(iii) Amounts recognised in profit or loss

	2020
	HK$' 000
Depreciation expense on right-of-use asset	**246**
Interest expense on lease liability	**8**

(iv) Other

During the year ended 31 March 2020, the total cash out flow for leases amounted to approximately HK$252,000.

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	2020 HK$'000	2019 HK$'000
Receivables at amortised cost comprise:		
Trade receivables (note ii)	**1,559**	7,955
Less: allowances for impairment of trade receivables	**(41)**	(2,511)
	1,518	5,444
Other receivables and prepayment (note i)	**3,579**	2,036
	5,097	7,480

Note i: As at 31 March 2019, included in other receivables and prepayment of approximately HK$297,000 (2020: nil) is due from a non-controlling shareholder of the Group which is fully settled during this year. The amounts are unsecured, non-interest bearing and repayable on demand.

Note ii: As at 31 March 2020, lease receivables amounting to approximately HK$22,000 (2019: HK$42,000) are included in trade receivables. The remaining balances of approximately HK$1,496,000 (2019: HK$5,402,000) represented the trade receivables arising from contracts with customers.

	2020 HK$'000	2019 HK$'000
Analysed for reporting purpose:		
Current portion	**4,841**	7,430
Non-current portion	**256**	50
	5,097	7,480

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 allowances for impairment of trade receivables presented based on the invoice date which approximates the respective revenue recognition dates at the end of the reporting period. It also represented the ageing analysis of trade receivables which are past due but not impaired, at the end of the reporting periods.

	2020 HK$'000	2019 HK$'000
– Within 30 days	**1,334**	2,124
– More than 30 but within 60 days	**4**	1,567
– More than 60 but within 90 days	**180**	1,227
– More than 90 but within 180 days	**–**	526
	1,518	5,444

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

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

	2020	2019
	HK$'000	HK$'000
Balance at the beginning of the year	**2,511**	–
Impairment loss recognised	**22**	2,511
Amounts written off as uncollectible	**(948)**	–
Reversal of impairment loss	**(1,544)**	–
Balance at the end of the year	**41**	2,511

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The ECL 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.

As certain receivables were considered unrecoverable and in default, approximately HK$2,511,000 of life-time ECL-credit was impaired and recognised during the year ended 31 March 2019. Of the aforesaid impaired amount, approximately HK$1,544,000 had been recovered during the year ended 31 March 2020 with the debtor having settled such amount in cash. According to the Group, there is no realistic prospect of recovery of the trade receivables of approximately HK$948,000 which was impaired during the year ended 31 March 2019. Hence, the Group has written off such amount of trade receivables during the year ended 31 March 2020.

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

	2020	2019
	HK$'000	HK$'000
Deposits	**145**	193
Prepayments	**2,043**	1,157
Other receivables	**1,391**	686
	3,579	2,036

The ECL on other receivables are estimated individually by reference to past experience of default and their financial position and general economic condition of the industry at the reporting date. The internal credit rating of the other receivables are considered to be performing as at 31 March 2020 and 31 March 2019 as there has not been a significant change in the credit risk since initial recognition.

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

At 31 March 2020 and 2019, the deposits placed in financial institutions and bank balances carried at fixed interest rates which ranged from 0.01% to 0.125% (2019: 0.01% to 0.125%) per annum.

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

	2020	2019
	HK$' 000	HK$' 000
JPY	**5,323**	7,164

25. TRADE AND OTHER PAYABLES

	2020	2019
	HK$' 000	HK$' 000
Trade payables	**116**	101
Other payables	**13,560**	12,767
	13,676	12,868
Analysed for reporting purposes:		
Current portion	**12,165**	10,758
Non-current portion	**1,511**	2,110
	13,676	12,868

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

26. SECURED BANK BORROWINGS

	2020 HK$'000	2019 HK$'000
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
On demand	–	20,000
Within one year	**66,916**	36,023
After one year but within two years	**10,870**	10,046
After two years but within five years	**32,613**	30,138
After five years	**107,440**	93,640
	217,839	189,847
Carrying amount of bank borrowings that are not repayable on demand or within one year from the end of the reporting period but:		
– Contain a repayment on demand clause	–	20,000
Carrying amount repayable within one year	**66,916**	36,023
Amounts shown under current liabilities	**66,916**	56,023
Amounts shown under non-current liabilities	**150,923**	133,824
	217,839	189,847
The exposure of the Group's secured bank borrowings to interest rate risk is as follows:		
Fixed-rate borrowings	**141,172**	143,847
Variable-rate borrowings	**76,667**	46,000
	217,839	189,847

26. SECURED BANK BORROWINGS *(Continued)*

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

	2020	2019
	HK$'000	HK$'000
Effective interest rate:		
Fixed-rate borrowings	**1.11% to 2.85%**	1.11% to 2.85%
Variable-rate borrowings	**1.09% to 5.21%**	1.65% to 4.82%

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

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

	At 31 March 2020	At 31 March 2019
	HK$'000	HK$'000
Floating rate – expiring beyond one year	**51,455**	57,500

During the year, the Group obtained new loans in the amount of approximately HK$115,506,000 (2019: HK$58,778,000) and will be repayable from 2020 to 2043 (2019: 2019 to 2043). The proceeds were used for general working capital purpose and to finance the acquisition of investment properties.

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

Included in secured bank borrowings are the following amounts denominated in currency other than the functional currency of the respective reporting entity of the Group:

	2020	2019
	HK$'000	HK$'000
JPY	**8,963**	–

27. DERIVATIVE FINANCIAL INSTRUMENTS

	2020 Liabilities HK$'000	2019 Liabilities HK$'000
Interest rate swaps	**667**	1,089

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

Major terms of the interest rate swaps are as follows:

31 March 2020

Notional amount	**Maturity**	**Swaps From**	**Swaps To**
JPY110,000,000 (equivalent to approximately HK$7,887,000)	**30/9/2025**	**TIBOR + 1.20%**	**2.42%**
JPY105,000,000 (equivalent to approximately HK$7,529,000)	**31/8/2027**	**TIBOR + 1.05%**	**2.33%**
JPY218,755,000 (equivalent to approximately HK$15,685,000)	**29/12/2023**	**TIBOR + 0.75%**	**1.73%**

31 March 2019

Notional amount	Maturity	Swaps From	Swaps To
JPY57,750,000 (equivalent to approximately HK$4,089,000) (Note 1)	30/9/2024	TIBOR + 1.40%	2.79%
JPY105,000,000 (equivalent to approximately HK$7,434,000) (Note 2)	2/9/2019	TIBOR + 1.40%	2.26%
JPY130,000,000 (equivalent to approximately HK$9,204,000)	30/9/2025	TIBOR + 1.20%	2.42%
JPY119,000,000 (equivalent to approximately HK$8,425,000)	31/8/2027	TIBOR + 1.05%	2.33%
JPY243,751,000 (equivalent to approximately HK$17,258,000)	29/12/2023	TIBOR + 0.75%	1.73%

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

Notes:

1. The interest rate swap was early terminated together with the respective early repaid bank borrowings during the year.
2. The interest rate swap expired on 2 September 2019.

28. DEFERRED TAX (ASSET) LIABILITIES

The following is the analysis of the deferred tax (asset) liabilities, after set off certain deferred tax asset against deferred tax liability of the same taxable entity, for financial reporting purposes:

	2020 **HK$' 000**	2019 HK$' 000
Deferred tax asset	**(1,505)**	–
Deferred tax liabilities	**27,466**	25,430
	25,961	25,430

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

	Accelerated tax depreciation HK$' 000	**Revaluation of investment properties and undistributable profits of subsidiaries HK$' 000**	**Unused tax losses HK$' 000**	**Total HK$' 000**
At 1 April 2018	280	22,986	–	23,266
Charged to profit or loss for the year (note 13)	227	2,900	–	3,127
Exchange realignment	–	(963)	–	(963)
At 31 March 2019 and 1 April 2019	507	24,923	–	25,430
Charged to profit or loss for the year (note 13)	–	1,736	(1,515)	221
Exchange realignment	–	310	–	310
At 31 March 2020	**507**	**26,969**	**(1,515)**	**25,961**

At 31 March 2020, the Group has unused estimated tax losses of approximately HK$12,031,000 (2019: HK$4,249,000), available for offset against future profits. Deferred tax asset has been recognised in respect of the unused estimated tax losses of approximately HK$9,182,000 (2019: nil), such losses may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the remaining HK$2,849,000 (31 March 2019: HK$4,249,000) unused tax losses due to the unpredictability of future profit streams.

29. SHARE CAPITAL

	Number of ordinary shares	Share capital
		HK$' 000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2018, 31 March 2019 and 31 March 2020	**5,000,000,000**	**50,000**
Issued and fully paid:		
At 1 April 2018 and 31 March 2019	800,000,000	8,000
Share repurchased and cancelled (Note)	(2,390,000)	(24)
Share allotted (note 38)	2,390,000	24
At 31 March 2020	**800,000,000**	**8,000**

Note:

During the year ended 31 March 2020, the Company repurchased and cancelled its own shares through the Stock Exchange as follows:

Month of purchase	Number of ordinary shares of HK$0.01 each	Price per share		Aggregation consideration paid
		Highest	Lower	
		HK$	HK$	HK$' 000
December 2019	**1,340,000**	**0.295**	**0.270**	**380**
January 2020	**690,000**	**0.300**	**0.295**	**204**
March 2020	**360,000**	**0.275**	**0.260**	**95**
	2,390,000			**679**

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the both years.

30. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES

The Group has the following changes in its ownership interest in a subsidiary.

For the year ended 31 March 2020

(i) Acquisition of additional interest in a subsidiary

During the year ended 31 March 2020, the Group has acquired an additional 10% of the equity interest of EXE Rise Shimodori Investor Limited ("**EXE Rise**"), a subsidiary of the Group, from a non-controlling shareholder of the Group at a cash consideration of approximately JPY36,185,000 (equivalent to approximately HK$2,620,000). This resulted in an increase in the Group's equity interest in EXE Rise from 90% to 100%. Approximately HK$25,000 representing the difference between the consideration paid and the carrying amount of additional 10% equity interest in EXE Rise, was transferred from non-controlling interests to other reserve.

(ii) Disposal of equity interest in a subsidiary without loss of control

During the year ended 31 March 2020, the Group has disposed of 10% of the equity interests of EXE Rise at a cash consideration of approximately JPY46,186,000 (equivalent to approximately HK$3,344,000) to a non-controlling shareholder of the Group's other subsidiaries. This resulted in a decrease in the Group's equity interest in EXE Rise from 100% to 90%. Approximately HK$32,000 representing the difference between the carrying amount of equity interest disposed of EXE Rise of approximately HK$3,312,000 and the consideration received from the purchaser, a non-controlling interest shareholder of the Group's other subsidiaries, was recognised in other reserve.

For the year ended 31 March 2019

(iii) Acquisition of additional interest in subsidiaries

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

31. OPERATING LEASE COMMITMENTS

The Group as lessor

During the years ended 31 March 2020 and 2019, the Group's properties held for rental purpose are expected to generate rental yields of 5.9% and 6.1% respectively, on an ongoing basis. All of the properties held have committed tenants for the next one to eighteen years (2019: one to nineteen years).

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

	2020 **HK$'000**	2019 HK$'000
Within one year	**3,310**	4,704
In the second to fifth year inclusive	**–**	479
	3,310	5,183

The Group as lessee

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

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

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

The Group is the lessee in respect of office which the leases were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liability relating to these leases. From 1 April 2019 onwards, future lease payments are recognised as lease liability in the consolidated statement of financial position in accordance with the policies set out in note 4.

32. CAPITAL COMMITMENTS

	2020 **HK$'000**	2019 HK$'000
Capital expenditure in respect of acquisition or construction of an investment property contracted for but not provided in the consolidated financial statements	–	1,376

33. RETIREMENT BENEFITS PLAN

Hong Kong

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by employees.

The total cost charged to profit or loss of approximately HK$492,000 (2019: HK$516,000) represents contributions payable to this scheme by the Group in respect of the current accounting period.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flow as cash flows from financing activities.

	Secured bank borrowings (note 26) HK$000	**Dividends payable (included in other payables) HK$000**	**Interest payable (included in other payables) HK$'000**	**Lease liability (note 22) HK$000**	**Total HK$000**
At 1 April 2019	189,847	70	72	307	190,296
Financing cash flows					
Addition	115,506	–	–	–	115,506
Repayment	(89,274)	(3,675)	(4,852)	(252)	(98,053)
Non-cash changes					
Exchange realignment	1,760	–	–	–	1,760
Finance costs incurred	–	–	4,892	8	4,900
Dividends declared	–	3,605	–	–	3,605
At 31 March 2020	**217,839**	**–**	**112**	**63**	**218,014**

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(Continued)*

	Secured bank borrowings (note 26) HK$000	Dividends payable (included in other payables) HK$000	Interest payable (included in other payables) HK$' 000	Total HK$000
At 1 April 2018	212,114	–	72	212,186
Financing cash flows				
Addition	58,778	–	–	58,778
Repayment	(74,939)	(4,030)	(5,886)	(84,855)
Non-cash changes				
Exchange realignment	(6,106)	–	–	(6,106)
Finance costs incurred	–	–	5,886	5,886
Dividends declared	–	4,100	–	4,100
At 31 March 2019	189,847	70	72	189,989

35. RELATED PARTY TRANSACTIONS

(a) Transactions

Except disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

Name of the related party	Relationship	Nature of transactions	2020 HK$' 000	2019 HK$' 000
KK Ascent Plus	Associate	Asset management fee paid	418	–
		Guarantee fee paid	128	–

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

(b) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management during the year was as follows:

	2020 HK$' 000	2019 HK$' 000
Short-term benefits	11,629	11,195
Share-based payments	1,190	2,102
Post-employment benefits	114	114
	12,933	13,411

The remuneration of the directors of the Company and key management is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Non-current assets		
Investments in subsidiaries	299,510	299,510
Investment in an associate	356	–
Prepayment	30	50
	299,896	299,560
Current assets		
Other receivables and prepayment	230	223
Amounts due from subsidiaries	68,995	69,230
Bank balances and cash	761	1,186
	69,986	70,639
Current liabilities		
Accruals	811	763
Amounts due to subsidiaries	2,830	3,280
	3,641	4,043
Net current assets	66,345	66,596
	366,241	366,156
Capital and reserves		
Share capital	8,000	8,000
Reserves (note)	358,241	358,156
	366,241	366,156

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note: movements of the reserves:

	Share Premium HK$'000	Other reserve (note) HK$'000	Shareholder contribution HK$'000	Share awards reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1 April 2018	71,288	264,509	9,008	–	15,145	359,950
Loss for the year	–	–	–	–	(295)	(295)
Dividends paid	–	–	–	–	(3,600)	(3,600)
Share based payments	–	–	–	319	–	319
Contribution from shareholder	–	–	1,782	–	–	1,782
31 March 2019 and 1 April 2019	71,288	264,509	10,790	319	11,250	358,156
Profit for the year	–	–	–	–	2,840	2,840
Dividends paid	–	–	–	–	(3,360)	(3,360)
Share based payments	–	–	–	755	–	755
Share repurchased and cancelled	(655)	–	–	–	–	(655)
Share vested under share award scheme	803	–	–	(827)	–	(24)
Contribution from shareholder	–	–	529	–	–	529
At 31 March 2020	**71,436**	**264,509**	**11,319**	**247**	**10,730**	**358,241**

Note:

Other reserve represents the difference between the nominal value of the shares issued for the acquisition of equity interests in the subsidiaries as part of the reorganisation and the consolidated equity of the subsidiaries acquired by the Company in prior years.

37. PARTICULARS OF SUBSIDIARIES OF THE GROUP

Details of the Company's subsidiaries as at 31 March 2020 and 2019 are set out below.

Name of subsidiary	Form of business	Place of incorporation/ operation	Issued and fully paid-up share capital	Percentage of effective equity interest attributable to the Company		Proportion of voting power held by the Company		Principal activity
				2020	2019	**2020**	2019	
Directly held:								
Pleasant Hilltop Limited	Incorporated	The BVI	US$1	**100%**	100%	**100%**	100%	Investment holding
Whalehunter Investments Limited	Incorporated	The BVI	US$2	**100%**	100%	**100%**	100%	Investment holding
Indirectly held:								
Altus Capital Limited	Incorporated	Hong Kong	HK$12,500,000	**100%**	100%	**100%**	100%	Financial advisory services and investment holding
Altus Investments Limited	Incorporated	Hong Kong	HK$149,178,505	**100%**	100%	**100%**	100%	Investment holding
EXE Rise (note ii)	Incorporated	The BVI	JPY120,000 (2019: JPY100,000)	**90%**	90%	**90%**	90%	Investment holding
Galaxy Base Limited	Incorporated	Hong Kong	HK$50	**100%**	100%	**100%**	100%	Property investment
Godo Kaisha Bohol	Incorporated	Japan	JPY1,000,000	**90%**	90%	**90%**	90%	Property investment
Godo Kaisha Choun	Incorporated	Japan	JPY10,000	**100%**	100%	**100%**	100%	Property investment
Godo Kaisha Yuzuha	Incorporated	Japan	JPY10,000	**90%**	90%	**90%**	90%	Property investment
Godo Kaisha Hayama Shouten	Incorporated	Japan	JPY10,000	**90%**	90%	**90%**	90%	Property investment
Godo Kaisha Mameha	Incorporated	Japan	JPY210,000	**78.7%**	78.7%	**78.7%**	78.7%	Property investment
I Corporation	Incorporated	The BVI	US$70	**80%**	80%	**80%**	80%	Investment holding
Residence Motoki Investment Limited	Incorporated	The BVI	JPY6,000,000	**78.7%**	78.7%	**78.7%**	78.7%	Investment holding
Smart Tact	Incorporated	The BVI	HK$9,220	**90%**	90%	**90%**	90%	Investment holding
Starich Resources Limited	Incorporated	The BVI	US$8	**100%**	100%	**100%**	100%	Property investment, investment holding and providing administrative service
Yugen Kaisha Hourei	Incorporated	Japan	JPY3,000,000	**100%**	100%	**100%**	100%	Property investment
Yugen Kaisha Houten	Incorporated	Japan	JPY3,000,000	**100%**	100%	**100%**	100%	Property investment
Japan Special Situation Investment Limited	Incorporated	The BVI	US$3,700	**94.6%**	94.6%	**100%**	100%	Property investment
Lynton Gate Limited	Incorporated	The BVI	US$10	**90%**	90%	**90%**	90%	Property investment
Altus Japan Property Fund Ltd SPC (note iii)	Incorporated	The Cayman Islands	JPY100	**100%**	0%	**100%**	0%	Property investment

37. PARTICULARS OF SUBSIDIARIES OF THE GROUP *(Continued)*

Notes:

(i) None of the subsidiaries had any debt securities outstanding at the end of both years or during both years.

(ii) During the year ended 31 March 2020, JPY20,000 (equivalent to HK$1,000) share capital is injected by a wholly-owned subsidiary of the Group, Starich Resources Limited.

(iii) On 14 January 2020, Altus Japan Property Fund Ltd SPC has been incorporated in the Cayman Islands.

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS

(A) Share option scheme

On 4 March 2016, KHHL entered into the option deeds ("**Option Deeds**") with each of Chang Sean Pey and Leung Churk Yin Jeanny, respectively as the grantees ("**Grantees**"). Pursuant to the Option Deeds, in consideration of HK$1.00 paid by each Grantee, KHHL granted share options to the Grantees. The exercise of these shares options would entitle the Grantees to purchase the Company's share in aggregate of 37,800,000 shares held by KHHL. The share option is valid for 42 months after the listing date of the Company. According to the Option Deeds, one-third of the shares option may be exercisable after 12 months from the date of listing; another one-third may be exercisable after 24 months of the date of listing; and remaining may be exercisable after 36 months of date of listing.

Details of specific categories of the share options are as followed:

Date of grant	Number of instruments as at 31 March 2020	Number of instruments as at 31 March 2019	Vesting period	Contractual life of options	Exercise price
4 March 2016	–	12,852,000	36 months after listing date	42 months	HK$0.00004

The estimated fair value of the options granted on the grant date was approximately HK$11,320,000. During the year ended 31 March 2020, the Group recognises the total expense of approximately HK$529,0000 (2019: HK$1,782,000) in relation to share options granted by KHHL. During the year ended 31 March 2020, the movement of the number of share options grants only represents the exercise of share options. As at 31 March 2020, all share options are exercised (2019: nil).

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS *(Continued)*

(A) Share option scheme *(Continues)*

The fair value was calculated using the Binomial model. The inputs into the model were as follow:

	4 March 2016 HK$
Weighted average share price at grant date	HK$0.773
Exercise price	HK$0.00004
Expected terms	42 months
Expected volatility	60.88%
Risk-free rate	0.99%
Expected dividend yield	2.00%

Expected volatility was determined with reference to the historical volatility of the Group's comparable companies.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options are based on the director's best estimate. The value of an option varies with different variables of certain subjective assumptions.

(B) Share awards to employees

On 25 June 2018, the Group has entered a deed of grant (the "**Deeds**") in relation to the award of shares of the Company to two employees of the Group ("**Share Awards**"). Such transactions have been approved in August 2018. 2,400,000 shares were awarded to each employee. The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. As such, the estimated fair values of the shares granted are approximately HK$1,680,000. Details are set out in the circular dated 20 July 2018 and announcements dated 25 June 2018 and 26 June 2018.

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. Other grantees, who are awarded with aggregate of 1,190,000 new shares of the Company, are employees of the Group. The fair value of the awarded shares was calculated based on the market price of the Company's share at the respective grant date. As such, the estimated fair value of the shares granted are approximately HK$563,000. 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 was approved.

During the year ended 31 March 2020, shares based payment of approximately HK$755,000 (2019: HK$319,000) has been recognised in the profit or loss. In addition, 2,390,000 Awarded Shares have been issued and allotted to the employees during the year. As such, approximately HK$24,000 and HK$827,000 is recognised as share capital and share awards respectively.

38. EQUITY SETTLED SHARE-BASED PAYMENTS TRANSACTIONS *(Continued)*

(B) Share awards to employees *(Continues)*

(a) Details of the terms and conditions of the grant of share awards under the deeds are as follows:

	Number of shares	Fair value as at grant date Per share	Aggregate amount	Vesting conditions
		HK$	HK$'000	
Share awards granted to employees:				
– on 25 June 2018	4,800,000	0.35	1,680	Note (i)
– on 8 August 2019	1,940,000	0.29	563	Note (ii)
Total share awards granted	6,740,000			

Notes:

(i) The share awards granted have a vesting period shown as follows:

– 2,240,000 shares were vested for the year ended 31 March 2020.

– 1,280,000 shares will be vested for the year ending 31 March 2021.

– 1,280,000 shares will be vested for the year ending 31 March 2022.

(ii) The share awards granted have a vesting period shown as follows:

– 150,000 shares were vested for the year ended 31 March 2020.

– 1,790,000 shares will be vested for the year ending 31 March 2021.

The movement of the grant of share awards during the year are as follows:

	Number of shares award 2020	2019
Outstanding as at 1 April	**4,800,000**	–
Granted during the year	**1,940,000**	4,800,000
Vested during the year	**(2,390,000)**	–
Outstanding as at 31 March	**4,350,000**	4,800,000

PARTICULARS OF PROPERTIES HELD BY THE GROUP

AT 31 MARCH 2020

	Particulars	Use	Lease term	Lot No.	Percentage of interest of the Group
	Land and buildings				
1.	No. 21 Wing Wo Street, Hong Kong	Commercial	Long-term	Sub-section 3 of Section C of Marine Lot No. 63 A	100.0%
	Investment properties				
	Hong Kong				
2.	8th Floor of Nos. 8-10 Duddell Street and No. 20 Ice House Street, Hong Kong	Commercial	Long-term	Inland Lot No. 339	100.0%
	Japan				
3.	Ark Palace Hiragishi	Residential	Freehold	Lot No. 31, Hiragishi 2-jo 7-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture	90.0%
4.	Kitano Machikado GH	Residential	Freehold	Lot No. 365-301, Kitano 5-Jo, 4-Chome, Kiyota-ku, Sapporo City, Hokkaido Prefecture	100.0%
5.	LC One	Residential cum office	Freehold	Lot No. 2-19, Kita 1jo Nishi 19-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture	90.0%
6.	Libress Hiragishi	Residential cum office	Freehold	Lot No. 3, Hiragishi 3jo 4-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture	100.0%
7.	Nouvelle 98	Residential	Freehold	Lot No. 533-14 and other lot, Minami 9jo Nishi 8-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture	100.0%
8.	Rakuyukan 36	Residential	Freehold	Lot No. 250-47, Minami 36jo Nishi 10-chome, Minami-ku, Sapporo City, Hokkaido Prefecture	94.6%

	Particulars	Use	Lease term	Lot No.	Percentage of interest of the Group
9.	South 1 West 18 Building	Residential cum office	Freehold	Lot No. 1-2 and other lots, Minami 1jo Nishi 18-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture	90.0%
10.	T House	Residential	Freehold	Lot No. 614-16 and other lot, Kotoni 3-jo 3-chome, Nishi-ku, Sapporo City, Hokkaido Prefecture	100.0%
11.	Tommy House Hiragishi	Residential	Freehold	Lot No. 44, Hiragishi 3jo 12-chome, Toyohira-ku, Sapporo City, Hokkaido Prefecture	100.0%
12.	Uruoi Kawanone	Residential	Freehold	Lot No. 7-1 and other lot, Minami 8jo Nishi 3-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture	100.0%
13.	White Building A & B	Residential	Freehold	Lot No. 18-316 and other lot, Kita 23jo Nishi 5-chome, Kita-ku, Sapporo City, Hokkaido Prefecture	90.0%
14.	Azabu Juban Crown Building	Residential	Freehold	Lot No. 2-12, Azabujuban 2-chome, Minato-ku, Tokyo	100.0%
15.	Azabu Sendaizaka Hills	Residential	Freehold	Lot No. 6-18 and other lot, Minamiazabu 1-chome, Minato-ku, Tokyo	100.0%
16.	City Court Suginami	Residential	Freehold	Lot No. 46-1 and other lots, Suginamicho, Hakodate City, Hokkaido Prefecture	100.0%
17.	Residence Motoki	Residential cum commercial	Freehold	Lot No. 563, Nishijin 5-chome, Fukuoka Prefecture	78.7%
18.	Wealth Fujisaki	Residential	Freehold	Lot No. 55-2 and other lot, Fujisaki 1-chome, Sawara-ku, Fukuoka City, Fukuoka Prefecture	100.0%

PARTICULARS OF PROPERTIES HELD BY THE GROUP

AT 31 MARCH 2020

	Particulars	Use	Lease term	Lot No.	Percentage of interest of the Group
19.	Rise Shimodori EXE	Residential cum commercial	Freehold	Lot No. 2-2 and other lots, Chuogai, Chuo-ku, Kumamoto City, Kumamoto Prefecture	90.0%
20.	Rise Fujisakidai	Residential	Freehold	Lot No. 2-30 and other lots, Shinmachi 3-chome, Chuo-ku, Kumamoto City, Kumamoto Prefecture	90.0%
21.	Rise Kumamoto Station South	Residential	Freehold	Lot No. 130-1, Nihongi 4-chome, Nishi-ku, Kumamoto City, Kumamoto Prefecture	90.0%
22.	Rise Shimodori	Residential	Freehold	Lot No. 5-4 and other lots, Chuogai, Chuo-ku, Kumamoto City, Kumoto Prefecture	90.0%
23.	Kagoshima Tenmonkan Building	Commercial	Freehold	Lot No. 5-2 Sennichicho, Kagoshima City, Kagoshima Prefecture, Japan	90.0%
24.	Shinoro House GH	Residential	Freehold	Lot No. 264-8, Sinoro 9 jo, Kita-ku, Sapporo-shi, Hokkaido	100.0%
25.	Relife GH (previously known as Kiyota7-3)	Residential	Freehold	Lot No. 21-305, 3 chome, 7 Jo, Kiyota, Kiyota Ku, Sapporo Shi, Hokkaido Prefecture	100.0%
26.	KD Shinshigai Building	Commercial	Freehold	Shinshigi 1-15, Chuo-ku, Kumamoto City, Kumamoto Prefecture	90.0%
27.	Wisteria-S	Residential	Freehold	Lot No. 8-24, 1-Chome Kikusui 3-Jo, Shiroishi-ku, Sapporo	100.0%