

ALTUS.

Altus Holdings Limited

incorporated in the Cayman Islands with limited liability

Stock Code : 8149

FY2021 THIRD QUARTERLY REPORT



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

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

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

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

FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (collectively referred to as the “**Group**”) recorded an unaudited revenue of approximately HK\$44.8 million for the nine months from 1 April to 31 December 2020 (“**YTD Dec 2020**”), representing a decrease of approximately 3.0% when compared with approximately HK\$46.2 million for the nine months from 1 April to 31 December 2019 (“**YTD Dec 2019**”). The decrease was due to lower revenue from corporate finance services.
- Other income decreased from approximately HK\$5.2 million in YTD Dec 2019 to approximately HK\$1.9 million in YTD Dec 2020 as (i) there was a one-off insurance compensation recorded in YTD Dec 2019 of approximately HK\$2.5 million (the effects of this contribution on profitability were offset by corresponding one-off repair and maintenance expenses); and (ii) there was a reversal of impairment loss of trade receivables recorded in YTD Dec 2019 of approximately HK\$2.5 million.
- The Group recorded an underlying net profit of approximately HK\$8.5 million in YTD Dec 2020 compared with an underlying net profit of approximately HK\$4.7 million in YTD Dec 2019 *(Note)*. The Group recorded a reported net profit of approximately HK\$1.1 million in YTD Dec 2020 compared with a reported net profit of approximately HK\$4.7 million in YTD Dec 2019.

There was an increase in underlying net profit in YTD Dec 2020 compared with YTD Dec 2019 despite lower revenue. Such increase was primarily attributable to (i) a decrease in directors’ remuneration and staff costs to approximately HK\$11.7 million in YTD Dec 2020 from approximately HK\$17.9 million in the previous corresponding period as the discretionary bonus paid to directors of the Company thus far has been lower than previously and further payment, if any, during the financial year ending 31 March 2021 (the “**FY2021**”) has yet to be determined, and there was also a decrease in headcount over this period; and (ii) receipt of government subsidies of approximately HK\$1.4 million under the Employment Support Scheme (the “**Employment Support Scheme**”).

The Group has recorded a decrease in reported net profit in YTD Dec 2020 compared with YTD Dec 2019 as a net decrease in the fair value of investment properties of approximately HK\$7.7 million was recorded in YTD Dec 2020. No such fair value change was recorded in YTD Dec 2019.

- For YTD Dec 2020, the underlying basic and diluted earnings per share were HK0.99 cent and HK0.98 cent respectively *(Note)*, the reported basic and diluted earnings per share were all HK0.07 cent. For YTD Dec 2019, the underlying and reported basic earnings per share were both HK0.50 cent, the underlying and reported diluted earnings per share were both HK0.49 cent.
- The Directors do not recommend the payment of any interim dividend for 3Q FY2021.

Note: Underlying net profit excludes the fair value changes of investment properties, net of deferred taxation charged.

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 December 2020 (“3Q FY2021”) and YTD Dec 2020, together with the comparative unaudited figures for the three months ended 31 December 2019 (“3Q FY2020”) and YTD Dec 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT FOR YTD DEC 2019 AND YTD DEC 2020

		3Q FY2021 (Unaudited) HK\$'000	3Q FY2020 (Unaudited) HK\$'000	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
	<i>Notes</i>				
Revenue	3	17,053	15,538	44,835	46,229
Other income	5	520	46	1,933	5,164
Net decrease in fair value of investment properties		(2,301)	–	(7,663)	–
Changes in fair value of derivative financial liabilities		(9)	46	(74)	52
Property expenses		(3,886)	(3,593)	(10,777)	(11,886)
Administrative and operating expenses		(7,615)	(8,815)	(20,537)	(28,153)
Share of results of an associate		(4)	(26)	18	23
Finance costs	6	(1,122)	(1,171)	(3,527)	(3,569)
Profit before tax		2,636	2,025	4,208	7,860
Income tax expense	7	(965)	(836)	(3,061)	(3,203)
Profit for the period	8	1,671	1,189	1,147	4,657
Profit for the period attributable to:					
Owners of the Company		1,559	1,025	599	3,972
Non-controlling interests		112	164	548	685
		1,671	1,189	1,147	4,657

	<i>Notes</i>	3Q FY2021 (Unaudited) HK cent	3Q FY2020 (Unaudited) HK cent	YTD Dec 2020 (Unaudited) HK cent	YTD Dec 2019 (Unaudited) HK cent
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)					
- Basic	<i>10</i>	0.19	0.13	0.07	0.50
- Diluted	<i>10</i>	0.19	0.13	0.07	0.49
Earnings per share excluding the net effect of fair value changes in investment properties, net of deferred taxation charged (underlying earnings per share)					
- Basic	<i>10</i>	0.45	0.13	0.99	0.50
- Diluted	<i>10</i>	0.45	0.13	0.98	0.49

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YTD DEC 2019 AND YTD DEC 2020

	3Q FY2021 (Unaudited) HK\$'000	3Q FY2020 (Unaudited) HK\$'000	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
Profit for the period	1,671	1,189	1,147	4,657
Other comprehensive income (expense) for the period				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	9,022	(4,355)	18,094	4,487
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
Change in fair value of financial assets at fair value through other comprehensive income ("FVTOCI")	100	(322)	(229)	(36)
Other comprehensive income (expense) for the period	9,122	(4,677)	17,865	4,451
Total comprehensive income (expense) for the period	10,793	(3,488)	19,012	9,108
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	9,265	(3,502)	16,447	8,084
Non-controlling interests	1,528	14	2,565	1,024
	10,793	(3,488)	19,012	9,108

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YTD DEC 2020**

	Attributable to owners of the Company										
	Share capital HKS'000	Share premium (note (i)) HKS'000	Other reserve (note (ii)) HKS'000	Investment revaluation reserve HKS'000	Shareholder contribution (note (iii)) HKS'000	Share awards reserve (note (iv)) HKS'000	Exchange reserve HKS'000	Retained profits HKS'000	Total HKS'000	Non-controlling interests HKS'000	Total HKS'000
At 1 April 2020 (audited)	8,000	71,436	98,819	159	11,319	247	(12,914)	274,708	451,774	14,420	466,194
Profit for the period	-	-	-	-	-	-	-	599	599	548	1,147
Other comprehensive income (expenses) for the period:											
Change in fair value of financial assets at FVTOCI	-	-	-	(229)	-	-	-	-	(229)	-	(229)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	16,077	-	16,077	2,017	18,094
	-	-	-	(229)	-	-	16,077	-	15,848	2,017	17,865
Total comprehensive income (expense) for the period	-	-	-	(229)	-	-	16,077	599	16,447	2,565	19,012
Transfer of cumulative fair value changes of financial asset at FVTOCI upon its derecognition	-	-	-	(784)	-	-	-	784	-	-	-
Share based payments	-	-	-	-	-	795	-	-	795	-	795
Dividend paid to non-controlling shareholders (note 9)	-	-	-	-	-	-	-	-	-	(222)	(222)
Dividend paid (note 9)	-	-	-	-	-	-	-	(1,600)	(1,600)	-	(1,600)
At 31 December 2020 (unaudited)	8,000	71,436	98,819	(854)	11,319	1,042	3,163	274,491	467,416	16,763	484,179

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YTD DEC 2019

Attributable to owners of the Company

	Share capital HK\$'000	Share premium (note (i)) HK\$'000	Treasury shares 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 profits HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	8,000	71,288	-	98,812	627	10,790	319	(16,727)	277,574	450,683	12,356	463,039
Profit for the period	-	-	-	-	-	-	-	-	3,972	3,972	685	4,657
Other comprehensive (expense) income for the period:												
Change in fair value of financial assets at FVTOCI	-	-	-	-	(36)	-	-	-	-	(36)	-	(36)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	4,148	-	4,148	339	4,487
	-	-	-	-	(36)	-	-	4,148	-	4,112	339	4,451
Total comprehensive (expense) income for the period	-	-	-	-	(36)	-	-	4,148	3,972	8,084	1,024	9,108
Contribution from shareholder (note (iii))	-	-	-	-	-	397	-	-	-	397	-	397
Shares bought back for cancellation (note (i))	-	-	(378)	-	-	-	-	-	-	(378)	-	(378)
Acquisition of addition interest in a subsidiary	-	-	-	(11)	-	-	-	-	-	(11)	(2,594)	(2,605)
Disposal of partial interest in a subsidiary without losing control	-	-	-	(9)	-	-	552	-	-	(9)	3,311	3,302
Share based payments	-	-	-	-	-	-	-	-	-	552	-	552
Dividend paid to non-controlling shareholders (note 9)	-	-	-	-	-	-	-	-	(3,360)	(3,360)	(103)	(103)
Dividend paid (note 9)	-	-	-	-	-	-	-	-	-	-	-	(3,360)
At 31 December 2019 (unaudited)	8,000	71,288	(378)	98,792	591	11,187	851	(12,579)	278,186	455,938	13,994	469,932

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 ownership interests of the Group in existing subsidiaries that do not result in the loss of control and they are accounted for as equity transactions.
- (iii) Amounts represent the employee benefits borne by the ultimate holding company, Kinley-Hecico Holdings Limited ("KHHL").
- (iv) Amounts represent the employee benefits for the purpose of recognising and rewarding their contribution, which are borne by the Company.

1. GENERAL

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

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

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

The condensed consolidated financial statements of the Group for YTD Dec 2020 (the “**Unaudited Condensed Consolidated Financial Statements**”) are unaudited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”). The Unaudited Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 10 February 2021.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL INFORMATION

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the Unaudited Condensed Consolidated Financial Statements include applicable disclosure required by the GEM Listing Rules. The Unaudited Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial information for the year ended 31 March 2020 (the “2020 Financial Information”). The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2020 Financial Information except for the adoption of new or revised HKFRSs issued by the HKICPA, which are effective for the financial year of the Group beginning on 1 April 2020.

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

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

(i) Adoption of new and amendments to HKFRSs

Adoption of new and amendments to HKFRSs effective on 1 April 2020

In YTD Dec 2020, the Group has applied, for the first time, the following new and amendments to HKFRSs, which include HKFRS, HKAS, amendments and interpretations, issued by the HKICPA.

<i>Amendments to HKAS 1 and HKAS 8</i>	<i>Definition of Material</i>
<i>Amendments to HKFRS 3</i>	<i>Definition of a Business</i>
<i>Amendments to HKFRS 9, HKAS 39 and HKFRS 7</i>	<i>Interest Rate Benchmark Reform</i>
<i>Conceptual Framework for Reporting 2018</i>	<i>Revised Conceptual Framework for Financial Reporting</i>

The application of the above new or amendments to HKFRS in YTD Dec 2020 has had no material effect on the amounts reported in these Unaudited Condensed Consolidated Financial Statements and/or on the disclosures set out in these Unaudited Condensed Consolidated Financial Statements.

3. REVENUE

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

	3Q FY2021 (Unaudited) HK\$'000	3Q FY2020 (Unaudited) HK\$'000	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by the major services line:				
Corporate finance services income	6,912	6,321	14,946	17,855
Revenue from other source				
Rental income for investment properties under operating leases – fixed lease payments (<i>Note</i>)	10,141	9,217	29,889	28,374
	17,053	15,538	44,835	46,229

Revenue generated from corporate finance services for YTD Dec 2020 and YTD Dec 2019 are recognised over time.

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

	3Q FY2021 (Unaudited) HK\$'000	3Q FY2020 (Unaudited) HK\$'000	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
Gross rental income from investment properties	10,141	9,217	29,889	28,374
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	(3,886)	(3,593)	(10,777)	(11,886)
Net rental income	6,255	5,624	19,112	16,488

Transaction price allocated to the remaining performance obligations

As at 31 December 2020, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK\$5.5 million (31 December 2019: approximately HK\$8.4 million). The amount represents revenue expected to be recognised in the future from various mandates. The Group will recognise this revenue when the service is rendered and completed. As evaluated by the management, revenue of approximately HK\$5.5 million and nil (31 December 2019: approximately HK\$7.5 million and HK\$0.9 million) are expected to be recognised within 1 year and after 1 year respectively.

4. SEGMENT INFORMATION

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

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

- (i) Corporate finance services – provision of corporate finance services including sponsorship, financial advisory and compliance advisory services; and
- (ii) Property investment – leasing of investment properties for residential and commercial use.

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

	3Q FY2021			3Q FY2020		
	Corporate finance services	Property investment	Total	Corporate finance services	Property investment	Total
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
REVENUE						
External revenue and segment revenue	6,912	10,141	17,053	6,321	9,217	15,538
RESULT						
Segment profit <i>(Note)</i>	3,942	2,648	6,590	2,588	4,288	6,876
Other income and expenses, net			(3,654)			(4,379)
Share of results of an associate			(4)			(26)
Finance costs			(296)			(446)
Profit before tax			2,636			2,025

4. SEGMENT INFORMATION (CONTINUED)

	YTD Dec 2020			YTD Dec 2019		
	Corporate	Property	Total	Corporate	Property	Total
	finance	investment		finance	investment	
	services	investment	services	investment		
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
REVENUE						
External revenue and segment revenue	14,946	29,889	44,835	17,855	28,374	46,229
RESULT						
Segment profit <i>(Note)</i>	7,011	7,717	14,728	8,458	15,475	23,933
Other income and expenses, net			(9,482)			(14,734)
Share of results of an associate			18			23
Finance costs			(1,056)			(1,362)
Profit before tax			4,208			7,860

Note: A net decrease in fair value of investment properties of approximately HK\$7.7 million had been included in the segment profit of the property investment during YTD Dec 2020 (YTD Dec 2019: nil).

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

4. SEGMENT INFORMATION (CONTINUED)

Revenue from major services

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

	3Q FY2021 (Unaudited) HK\$'000	3Q FY2020 (Unaudited) HK\$'000	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
Sponsorship services	2,670	3,710	4,274	9,808
Financial advisory services	2,950	1,119	6,575	3,941
Compliance advisory services	1,042	1,414	3,445	3,654
Others corporate finance services	250	78	652	452
	6,912	6,321	14,946	17,855
Rental income	10,141	9,217	29,889	28,374
	17,053	15,538	44,835	46,229

5. OTHER INCOME

	3Q FY2021 (Unaudited) HK\$'000	3Q FY2020 (Unaudited) HK\$'000	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
Bank interest income	7	–	41	6
Recovered from insurance company (Note 1)	–	40	–	2,563
Dividend income from financial assets at FVTOCI	–	6	69	103
Gain on disposal of financial assets at fair value through profit or loss	47	–	247	–
Reversal of impairment loss of trade receivables	9	–	16	2,492
Others (Note 2)	457	–	1,560	–
	520	46	1,933	5,164

Notes:

- The amount mainly represents a one-off compensation received from an insurance company in April 2019 in relation to a fire accident that occurred in November 2018 for an investment property located in Japan.
- The amount represents (i) government subsidies; and (ii) forfeited tenant deposit. The Hong Kong Government introduced the Employment Support Scheme in April 2020 to help enterprises to retain their employees during COVID-19 pandemic. The government subsidies represent the subsidies received under such scheme.

6. FINANCE COSTS

	3Q FY2021 (Unaudited) HK\$'000	3Q FY2020 (Unaudited) HK\$'000	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
Interests on:				
Secured bank borrowings	1,122	1,169	3,527	3,562
Lease liability	–	2	–	7
	1,122	1,171	3,527	3,569

7. INCOME TAX EXPENSE

	3Q FY2021 (Unaudited) HK\$'000	3Q FY2020 (Unaudited) HK\$'000	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
Current tax:				
Hong Kong profits tax	197	(4)	269	229
Japanese corporate income tax	75	58	239	73
Japanese withholding tax	461	308	1,392	1,518
	733	362	1,900	1,820
Deferred taxation	232	474	1,161	1,383
	965	836	3,061	3,203

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 YTD Dec 2020 and YTD Dec 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other entities of the Group in Hong Kong which are not qualified for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Japan corporate income tax law, Japanese corporate income tax is calculated at 33.58% of the estimated assessable profits for YTD Dec 2020 (YTD Dec 2019: 33.59%). However, regarding to the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for YTD Dec 2020 and YTD Dec 2019.

Japanese withholding tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for YTD Dec 2020 and YTD Dec 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.

8. PROFIT FOR THE PERIOD

	3Q FY2021 (Unaudited) HK\$'000	3Q FY2020 (Unaudited) HK\$'000	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
Profit for the period has been arrived at after charging:				
Staff cost, excluding directors' emoluments:				
– Salaries, bonus and other benefits	2,818	3,691	8,645	10,458
– Contributions to retirement benefits schemes	87	124	270	352
Total staff costs, excluding directors' emoluments	2,905	3,815	8,915	10,810
Directors' emoluments	1,378	1,748	2,783	7,121
Auditors' remuneration	188	175	563	588
Depreciation of property, plant and equipment	260	299	824	916
Depreciation of right-of-use assets	–	62	61	184
Share based payments				
– Share options	–	132	–	397
– 2018, 2019 and 2020 Share Awards (as defined below)	296	226	795	532
Expenses related to the proposed transfer of listing of the Company to the Main Board of the Stock Exchange	–	120	–	323
Impairment loss of trade receivables	628	–	628	–
Net exchange loss/(gain)	238	(26)	437	(123)

9. DIVIDENDS

	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
Dividends recognised as distribution to non-controlling interests during the periods by:		
Smart Tact Property Investment Limited (“ Smart Tact ”)		
2020 interim, paid – JPY1,375 per share (equivalent to HK\$100 per share)	94	–
I Corporation		
2020 interim, paid – JPY28,100 per share (equivalent to HK\$2,046 per share)	29	–
2019 interim, paid – JPY9,057 per share (equivalent to HK\$654 per share)	–	10
EXE Rise Shimodori Investor Limited (“ EXE ”)		
2020 interim, paid – JPY113,773 per share (equivalent to HK\$8,283 per share)	99	–
2019 interim, paid – JPY44,047 per share (equivalent to HK\$3,180 per share)	–	32
Residence Motoki Investment Limited (“ Residence ”)		
2019 interim, paid – JPY500 per share (equivalent to HK\$36 per share)	–	46
Lynton Gate Limited (“ Lynton ”)		
2019 interim, paid – JPY219,972 per share (equivalent to HK\$15,882 per share)	–	15
	222	103

The Directors do not recommend the payment of any interim dividend for 3Q FY2021 (3Q FY2020: nil).

10. EARNINGS PER SHARE

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

(a) Number of shares

	31 December 2020 '000	31 December 2019 '000	31 December 2020 '000	31 December 2019 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>Note</i>)	800,000	799,728	800,000	799,926
Effect of dilutive potential ordinary shares:				
Share Awards (as defined below)	6,397	5,571	6,397	5,571
Weighted average number of ordinary shares for the purpose of diluted earnings per share	806,397	805,299	806,397	805,497

Note: During YTD Dec 2019, the Company repurchased 1,340,000 ordinary shares from the Stock Exchange. The total amount paid to repurchase these ordinary shares was approximately HK\$0.4 million. All the repurchased shares had not been cancelled as at 31 December 2019 and recorded as treasury shares in the condensed consolidated statement of changes in equity. Such repurchased shares were subsequently cancelled on 2 and 23 January 2020.

(b) Reported earnings

	3Q FY2021 (Unaudited) HK\$'000	3Q FY2020 (Unaudited) HK\$'000	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	1,559	1,025	599	3,972

10. EARNINGS PER SHARE (CONTINUED)

(c) Underlying earnings

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are 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 and deferred taxation charged. A reconciliation of profits is as follow:

	3Q FY2021 (Unaudited) HK\$'000	3Q FY2020 (Unaudited) HK\$'000	YTD Dec 2020 (Unaudited) HK\$'000	YTD Dec 2019 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to the owners of the Company)	1,559	1,025	599	3,972
Change in fair value of investment properties, net of deferred taxation charged	2,035	–	7,324	–
Earnings for the purpose of basic and diluted earnings per share (Underlying profit for the period attributable to the owners of the Company)	3,594	1,025	7,923	3,972

11. 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 (“**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. As at 31 December 2020, 2,240,000 of the 2018 Granted Shares have been issued, 1,280,000 of the 2018 Granted Shares have vested and been issued to respective employees in January 2021. The balance of 1,280,000 of the 2018 Granted Shares remain to be vested.

On 3 July 2019, the Board has resolved to award conditionally an aggregate of 1,940,000 new shares (the “**2019 Granted Shares**”) of the Company to nine grantees (the “**2019 Share Awards**”). 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 “**2019 Connected Grant**”). Other grantees, who are awarded with 1,190,000 new shares of the Company, are employees of the Group (the “**2019 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 2019 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 2019 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 2019 Selected Employees Grant. As at 31 December 2020, 150,000 of the 2019 Granted Shares had been issued, 1,790,000 of the 2019 Granted Shares have vested and been issued to respective employees in January 2021.

11. SHARE AWARDS (CONTINUED)

On 26 June 2020, the Board has resolved to award conditionally an aggregate of 3,830,000 new shares (the “**2020 Granted Shares**”) of the Company to 12 grantees (the “**2020 Share Awards**”). One of the grantees, who was awarded with 1,600,000 new shares of the Company, is an executive director of a wholly-owned subsidiary of the Group (the “**2020 Connected Grant**”). Other grantees, who are awarded with 2,230,000 new shares of the Company, are employees of the Group (the “**2020 Selected Employees Grant**”) and are independent third parties. Details of the 2020 Share Awards were set out in the circular of the Company dated 23 July 2020. At an extraordinary general meeting of the Company held on 7 August 2020, the deed of grant of share awards in relation to the 2020 Connected Grant was approved and a specific mandate was granted to the Directors to allot and issue up to 1,600,000 new shares of the Company in relation to the 2020 Connected Grant. Another specific mandate was granted to the Directors to allot and issue up to 2,230,000 new shares of the Company in relation to 2020 Selected Employees Grant. As at 31 December 2020, 290,000 of the 2020 Granted Shares have vested and been issued to respective employees in January 2021. 430,000 of 2020 Granted Shares had lapsed. The balance of 3,110,000 of the 2020 Granted Shares remain to be vested.

On 31 December 2020, the Board has resolved to award conditionally an aggregate of 720,000 new shares (the “**2021 Granted Shares**”) of the Company to 16 grantees. All the grantees are employees of the Group (the “**2021 Selected Employees Grant**”) and are independent third parties.

The 2021 Granted Shares under the 2021 Selected Employees Grant will be issued under a specific mandate for the awarded shares (“**Selected Employees Specific Mandate**”) and are conditional upon (i) the signing of the deeds of grant by the grantees; (ii) the Company having obtained from the Stock Exchange a grant of the listing of, and permission to deal in, the 2021 Granted Shares; (iii) the passing of an ordinary resolution by the shareholders at the extraordinary general meeting to approve the Selected Employees Specific Mandate; and (iv) the relevant Selected Employees having obtained all necessary consents and approvals that may be required to enable him/her to accept the share awards. The extraordinary general meeting of the Company is expected to be convened immediately after the conclusion or the adjournment of the annual general meeting of the Company to be held in August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Business Review

For 3Q FY2021, the Group recorded an unaudited revenue of approximately HK\$17.1 million, representing an increase of approximately 9.8% as compared to 3Q FY2020. Property investment activities contributed approximately 59.5% of the revenue of the Group during 3Q FY2021, while the remaining portion of revenue was derived from corporate finance services.

Corporate finance

Revenue from corporate finance services for 3Q FY2021 increased by approximately 9.3% as compared to 3Q FY2020. This was mainly attributable to the increase in revenue generated from financial advisory services as there had been more transactions and achievement of more billing milestones in 3Q FY2021. However, such increase in 3Q FY2021 was partially offset by lower revenue generated from sponsorship services and compliance advisory services during the same period.

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

Property investment

During 3Q FY2021, the property investment portfolio of the Group consisted of 26 buildings in Japan and one commercial unit in Hong Kong (“**Property(ies)**”) (3Q FY2020: 24 buildings in Japan and one commercial unit in Hong Kong). The Property in Hong Kong was fully occupied during 3Q FY2021, while the occupancy rate for the property portfolio in Japan remained stable at approximately 93.6% (3Q FY2020: 94.1%).

Revenue from property investment increased by approximately 10.0% in 3Q FY2021, amounted to approximately HK\$10.1 million (3Q FY2020: approximately HK\$9.2 million), mainly due to the additions of two properties in Sapporo, Japan to the property portfolio of the Group in Japan when compared with 3Q FY2020.

Net profit for the period

The Group recorded an underlying net profit of approximately HK\$3.7 million in 3Q FY2021 compared with an underlying net profit of approximately HK\$1.2 million in 3Q FY2020. The underlying net profit excludes the fair value changes of investment properties, net of deferred taxation charged. The Group recorded a reported net profit of approximately HK\$1.7 million in 3Q FY2021 as compared with a reported net profit of approximately HK\$1.2 million in 3Q FY2020.

There was an increase in underlying net profit in 3Q FY2021 compared with 3Q FY2020 due to higher revenue. Such increase was primarily attributable to the combined effect of (i) an increase in revenue as aforementioned; (ii) a decrease in directors' remuneration and staff costs to approximately HK\$4.3 million in 3Q FY2021 from approximately HK\$5.6 million in the previous corresponding period as the discretionary bonus paid to directors of the Company had been lower in 3Q FY2021 compared with 3Q FY2020, and there was also a decrease in headcount over this period; and (iii) receipt of government subsidies of approximately HK\$0.5 million under the Employment Support Scheme. The effects of the above were partially offset by an impairment loss of trade receivables of approximately HK\$0.6 million.

The Group has recorded a decrease in reported net profit in 3Q FY2021 compared with 3Q FY2020 as a net decrease in the fair value of investment properties of approximately HK\$2.3 million was recorded in 3Q FY2021. No such fair value change was recorded in 3Q FY2020.

OUTLOOK

A year after its initial outbreak, the world is still struggling to contain the COVID-19 pandemic. The fourth wave of outbreak in Hong Kong continues to rage on, affecting the general economy which led to persistent high unemployment rate. The Hong Kong economy is not expected to strongly recover in the near future in spite of recent news of vaccine rollout.

Corporate finance

The Hong Kong initial public offering ("IPO") market for small-medium enterprises is expected to be subdued as investors' focus remained to be on large size technology, media and bio-technology related enterprises. The management of the Group (the "Management") expects that revenue contribution from IPO sponsorship activities will remain low as a result.

The increase in revenue generated from financial advisory segment in YTD Dec 2020 is encouraging although competition on fees is expected to remain keen. Financial advisory deals typically are of short cycle, and it is therefore difficult to predict the contribution of this segment for the remaining months of FY2021. Under the current market situation, the Management expects operating condition of the corporate finance segment of the Group to remain challenging in the remaining months of FY2021.

Property investment

Hong Kong

The prolonged COVID-19 pandemic has visibly hurt the office market in Hong Kong where, for example, overall vacancy rate of Grade A office in Hong Kong rose to 8.9% in December 2020 from 6.0% in December 2019, and average monthly rent had declined by 18.9% between December 2019 and December 2020. If such weakness persists, there may be further downward pressure on rental and capital value.

Japan

The exacerbating COVID-19 pandemic in Japan continues to put pressure on retail and commercial rentals, and to a lesser certain extent, overall occupancy rates of our investment property portfolio.

While the Management expects residential occupancy rate to remain stable barring unexpected adverse events, it will be vigilant of any possible adverse rapid change in market situation. For the commercial units of the Group, the Management will maintain an open mind towards working closely with its tenants as necessary to help ensure their business sustainability, which is in the interest of the Group as a landlord.

The effects from COVID-19 pandemic and uncertainties arising therefrom have so far not materially affected the valuation of our investment properties in Japan. Notwithstanding this, there remains downward pressure if the adverse effects of the pandemic are prolonged.

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

Interest or short positions in the shares of the Company:

Name of Director	Capacity and nature of interests	Number of shares interested <i>(Note 2)</i>	Approximate percentage of the total issued share capital of the Company <i>(%)</i>
Mr. Ip <i>(Note 1)</i>	Beneficiary of a trust	557,200,000 (L)	69.65
	Beneficial owner	1,250,000 (L)	0.16
	Interest of a spouse	1,250,000 (L)	0.16
Mr. Chang Sean Pey (“Mr. Chang”)	Beneficial owner	22,400,000 (L)	2.80
Ms. Leung Churk Yin Jeanny (“Ms. Leung”)	Beneficial owner	9,400,000 (L)	1.18

Notes:

- (1) KHHL is deemed to be interested in 557,200,000 shares of the Company in long position through its wholly-owned subsidiary, Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Ip are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL. Mr. Ip has beneficial interest in 1,250,000 shares of the Company and has interest of spouse in 1,250,000 shares of the Company by virtue of SFO.
- (2) The letter “L” denotes 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	Number of shares interested (Note 1)	Approximate percentage of 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	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 in long position through its wholly-owned subsidiary, Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Mr. Ip is one of the beneficiaries. By virtue of the SFO, Mr. Ip is deemed to be interested in the shares of KHHL held by the Trustee.
- (3) Pursuant to the SFO, Mr. Ip, the spouse of Ms. Ho Shuk Yee, Samantha ("**Ms. Ho**"), is deemed to be interested in the shares of I Corporation held by Ms. Ho.

Save as disclosed above, as at 31 December 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 its associated corporations" above and "Share Option Scheme" below, at no time during YTD Dec 2020 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 PERSON'S INTEREST IN OTHER MEMBERS OF THE GROUP

As at 31 December 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; and other persons had interests in other members of the Group as follows:

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

Name of shareholder	Capacity and nature of interest	Number of shares interested ^(Note 1)	Approximate percentage of the total issued share capital of the Company (%)
Flying Castle Limited ^(Note 2)	Beneficial owner	557,200,000 (L)	69.65
KHHL ^(Note 2)	Interest in a controlled corporation	557,200,000 (L)	69.65
The Trustee	Trustee	557,200,000 (L)	69.65
Ms. Chan ^(Note 2)	Founder of a discretionary trust	557,200,000 (L)	69.65
	Beneficial owner	1,250,000 (L)	0.16
Mr. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	69.65
	Beneficial owner	1,250,000 (L)	0.16
	Interest of spouse	1,250,000 (L)	0.16
Ms. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	69.65
	Beneficial owner	1,250,000 (L)	0.16
Ms. Ho ^(Note 3)	Interest of spouse	558,450,000 (L)	69.81
	Beneficial owner	1,250,000 (L)	0.16
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.53

Notes:

- (1) The letter “L” denotes a long position in the shares of the Company.
- (2) KHHL is deemed to be interested in the Company in long position 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 deemed to be interested.

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

Name of shareholder	Name of member of the Group	Capacity and nature of interest	Number of shares interested ^(Note)	Percentage of shareholding (%)
Ms. Ho	I Corporation	Beneficial owner	14 (L)	20.0
Mr. Henry Shih	Smart Tact	Beneficial owner	922 (L)	10.0
	Residence	Beneficial owner	600 (L)	10.0
	Lynton	Beneficial owner	1 (L)	10.0
	EXE	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 of the members of the Group.

Save as disclosed above, the Directors and chief executives of the Company are not aware that there is any party who, as at 31 December 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information available to the Company and to the best knowledge of the Directors as at the date of this report, the Company has maintained the public float as required under GEM Listing Rules during YTD Dec 2020.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during YTD Dec 2020 up to the date of this report.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 23 staff (31 December 2019: 29). The remuneration policy of the Group takes into consideration the duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, the profit of the Group as a whole and comparable market levels. Apart from salary payment, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) by a shareholder resolution passed on 26 September 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. During YTD Dec 2020 and up to the date of this report, no share option was granted by the Company and there was no share option outstanding under the Share Option Scheme as at 31 December 2020.

SHARE AWARDS

Details of the share awards of the Group are set out in note 11 to the condensed consolidated financial statements of the Group for YTD Dec 2020.

CORPORATE GOVERNANCE

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

The Board has reviewed the corporate governance practices of the Group and is satisfied that the Group has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rule during YTD Dec 2020.

DIRECTORS’ SECURITIES TRANSACTIONS

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

Having made specific enquiries of all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings during the period in YTD Dec 2020 and to the date of this report. The Company has not been notified by the Directors of any incident of non-compliance during such period.

COMPETING INTERESTS

As at 31 December 2020, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

On 3 March 2020, an existing lender of the Group, Hang Seng Bank Limited, has pursuant to its periodic review, agreed to continue to make available a revolving loan facility in the same amount of HK\$47,650,000 to the Company’s indirect wholly-owned subsidiary, Starich Resources Limited (“Starich”). The bank facilities letter (the “Hang Seng Facility Letter”) was signed on 3 March 2020.

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

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

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Chan Sun Kwong. The other members are Mr. Chao Tien Yo and Mr. Lee Shu Yin respectively. The primary duty of the Audit Committee is to review and supervise the financial reporting process, the risk management and internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to code provision C.3.3 of the CG Code, the Audit Committee has reviewed the unaudited consolidated results of the Group for YTD Dec 2020 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

BOARD OF DIRECTORS

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

Executive Directors:

Mr. Arnold Ip Tin Chee

Mr. Chang Sean Pey

Ms. Leung Churk Yin Jeanny

Independent Non-executive Directors:

Mr. Chao Tien Yo

Mr. Chan Sun Kwong

Mr. Lee Shu Yin

By order of the Board of
ALTUS HOLDINGS LIMITED
Arnold Ip Tin Chee
Chairman and Executive Director

Hong Kong, 10 February 2021

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