

# ALTUS

Altus Holdings Limited

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



FY2022  
FIRST QUARTERLY REPORT

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

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

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

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

## FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (collectively referred to as the “**Group**”) recorded an unaudited revenue of approximately HK\$12.7 million for the three months ended 30 June 2021 (“**1Q FY2022**”), representing a decrease of approximately 4.9% when compared with approximately HK\$13.4 million for the three months ended 30 June 2020 (“**1Q FY2021**”).
- The Group recorded both reported and underlying net profit of approximately HK\$2.0 million in 1Q FY2022 compared with both reported and underlying net profit of approximately HK\$1.9 million in 1Q FY2021 *(Note)*.

Based on the unaudited financial information of the Group for 1Q FY2022 and 1Q FY2021, the slight increase in the profitability despite lower revenue in 1Q FY2022 was principally attributable to a decrease in staff costs to approximately HK\$2.5 million in 1Q FY2022 compared to approximately HK\$3.6 million in 1Q FY2021 as the overall number of staff was lower.

- For 1Q FY2022 and 1Q FY2021, the underlying and reported basic and diluted earnings per share were all HK0.22 cent *(Note)*.
- The Directors do not recommend the payment of any interim dividend for 1Q FY2022.

*Note:* Underlying net profit excludes the net effect of 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 1Q FY2022, together with the comparative unaudited figures for 1Q FY2021, as follows:

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ACCOUNT FOR 1Q FY2021 AND 1Q FY2022

	<i>Notes</i>	<b>1Q FY2022 (Unaudited) HK\$'000</b>	1Q FY2021 (Unaudited) HK\$'000
Revenue	3	12,746	13,397
Other income	5	34	529
Changes in fair value of derivative financial liabilities		13	(17)
Property expenses		(2,894)	(3,027)
Administrative and operating expenses		(5,748)	(6,639)
Share of results of associate		12	16
Finance costs	6	(1,037)	(1,231)
<b>Profit before tax</b>		<b>3,126</b>	<b>3,028</b>
Income tax expense	7	(1,140)	(1,153)
<b>Profit for the period</b>	<b>8</b>	<b>1,986</b>	<b>1,875</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		1,756	1,636
Non-controlling interests		230	239
		<b>1,986</b>	<b>1,875</b>

		<b>1Q FY2022 (Unaudited) HK cent</b>	1Q FY2021 (Unaudited) HK cent
<b>Earnings per share based on profit attributable to owners of the Company (reported earnings per share)</b>			
– Basic	<i>10</i>	<b>0.22</b>	0.20
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– Diluted	<i>10</i>	<b>0.22</b>	0.20
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<b>Earnings per share excluding the net effect of fair value changes of investment properties, net of deferred taxation charged (underlying earnings per share)</b>			
– Basic	<i>10</i>	<b>0.22</b>	0.20
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– Diluted	<i>10</i>	<b>0.22</b>	0.20
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## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR 1Q FY2021 AND 1Q FY2022

	1Q FY2022 (Unaudited) HK\$'000	1Q FY2021 (Unaudited) HK\$'000
Profit for the period	1,986	1,875
<b>Other comprehensive (expense) income for the period</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(565)	1,100
<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")	120	(82)
<b>Other comprehensive (expense) income for the period</b>	<b>(445)</b>	<b>1,018</b>
<b>Total comprehensive income for the period</b>	<b>1,541</b>	<b>2,893</b>
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	1,588	2,621
Non-controlling interests	(47)	272
	<b>1,541</b>	<b>2,893</b>

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2022

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium (note i) HK\$'000	Other reserve (note ii) HK\$'000	Investment revaluation reserve HK\$'000	Shareholder contribution (note iii) HK\$'000	Share awards reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2021 (audited)	8,034	72,431	98,819	(492)	11,319	210	(20,873)	280,186	449,634	14,529	464,163
Profit for the period	–	–	–	–	–	–	–	1,756	1,756	230	1,986
Other comprehensive income (expense) for the period:											
– Change in fair value of financial assets at FVTOCI	–	–	–	120	–	–	–	–	120	–	120
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(288)	–	(288)	(277)	(565)
	–	–	–	120	–	–	(288)	–	(168)	(277)	(445)
Total comprehensive income (expense) for the period	–	–	–	120	–	–	(288)	1,756	1,588	(47)	1,541
Share based payments	–	–	–	–	–	198	–	–	198	–	198
At 30 June 2021 (unaudited)	8,034	72,431	98,819	(372)	11,319	408	(21,161)	281,942	451,420	14,482	465,902

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2021

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium (note i) HK\$'000	Other reserve (note ii) HK\$'000	Investment revaluation reserve HK\$'000	Shareholder contribution (note iii) HK\$'000	Share awards reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 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	-	-	-	-	-	-	-	1,636	1,636	239	1,875
Other comprehensive (expense) income for the period:											
- Change in fair value of financial assets at FVTOCI	-	-	-	(82)	-	-	-	-	(82)	-	(82)
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	1,067	-	1,067	33	1,100
	-	-	-	(82)	-	-	1,067	-	985	33	1,018
Total comprehensive (expense) income for the period	-	-	-	(82)	-	-	1,067	1,636	2,621	272	2,893
Transfer of cumulative fair value changes of financial assets at FVTOCI upon derecognition	-	-	-	(781)	-	-	-	781	-	-	-
Share based payments	-	-	-	-	-	223	-	-	223	-	223
At 30 June 2020 (unaudited)	8,000	71,436	98,819	(704)	11,319	470	(11,847)	277,125	454,618	14,692	469,310



*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 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 asset value of the subsidiaries of the Group, upon completion of the group reorganisation on 26 September 2016; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received arising from changes in the 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 purposes 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 Act, 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 and other consultancy services and proprietary investments in properties and securities. Its subsidiaries invest in Japan properties by entering into Japanese tokumei kumiai arrangements (“**TK Agreements**”) as a tokumei kumiai investor with Japanese limited liability companies known as tokumei kumiai operators, which are the property holding companies.

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

The condensed consolidated financial statements of the Group for 1Q FY2022 (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 6 August 2021.

The Unaudited Condensed Consolidated Financial Statements are presented in Hong Kong dollars (“**HKS**”) 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 HKS.

## 2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the Unaudited Condensed Consolidated Financial Statements include applicable disclosure required by the GEM Listing Rules. The Unaudited Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial information for the year ended 31 March 2021 (the “2021 Financial Information”). The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2021 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 2021.

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

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

### (i) Adoption of amendments to HKFRSs

#### *Adoption of amendments to HKFRSs effective on 1 April 2021*

In 1Q FY2022, the Group has applied, for the first time, the following amendments to HKFRSs, which include HKFRS, HKAS and amendments, issued by the HKICPA.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	<i>Interest Rate Benchmark Reform-Phase 2</i>
Amendments to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>

The application of the above amendments to HKAS and HKFRS in 1Q FY2022 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 corporate finance and other consultancy services and leasing of investment properties during the periods. An analysis of revenue of the Group for the period is as follows:

	1Q FY2022 (Unaudited) HK\$'000	1Q FY2021 (Unaudited) HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15: Disaggregated by the major services line</b>		
Corporate finance and other consultancy services income	3,265	3,494
<b>Revenue from other source:</b>		
Rental income for investment properties under operating leases		
– fixed lease payments ( <i>Note</i> )	9,481	9,903
	<b>12,746</b>	<b>13,397</b>

*Revenue generated from provision of corporate finance and other consultancy services during 1Q FY2022 and 1Q FY2021 are recognised over time.*

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

	1Q FY2022 (Unaudited) HK\$'000	1Q FY2021 (Unaudited) HK\$'000
Gross rental income from investment properties	9,481	9,903
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	(2,894)	(3,027)
Net rental income	<b>6,587</b>	<b>6,876</b>

### 3. REVENUE (CONTINUED)

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

As at 30 June 2021, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK\$1.1 million (30 June 2020: approximately HK\$16.1 million). The amount represents revenue expected to be recognised in the future from various mandates. The Group will recognise this revenue as the service is completed. As evaluated by the management, revenue of approximately HK\$1.1 million and nil (30 June 2020: approximately HK\$13.9 million and HK\$2.2 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) Advisory and consulting – provision of corporate finance services including sponsorship, financial advisory, compliance advisory, equity capital market consulting, special situations consulting and investment consulting services; and
- (ii) Proprietary investments – leasing of investment properties for residential and commercial use and derives rental income therefrom and holding of a portfolio of securities for dividend income and aims for capital gain.

#### 4. SEGMENT INFORMATION (CONTINUED)

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

	1Q FY2022			1Q FY2021		
	Advisory and consultancy (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Advisory and consultancy (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000 (Restated)	Total (Unaudited) HK\$'000 (Restated)
<b>REVENUE</b>						
External revenue and segment revenue	3,265	9,481	12,746	3,494	9,903	13,397
<b>RESULT</b>						
Segment profit	581	5,558	6,139	584	5,845	6,429
Other income and expenses, net			(2,738)			(3,002)
Share of results of an associate			11			16
Finance costs			(286)			(415)
Profit before tax			3,126			3,028

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)

##### Breakdown of revenue by services

A breakdown of the revenue by services of the Group under advisory and consulting and proprietary investments segments is as follows:

	1Q FY2022 (Unaudited) HK\$'000	1Q FY2021 (Unaudited) HK\$'000
Advisory and consulting		
Sponsorship services	441	698
Financial advisory services	2,093	1,423
Compliance advisory services	361	1,224
Others corporate finance services	370	149
	3,265	3,494
Proprietary investments		
Rental income	9,481	9,903
	12,746	13,397

## 5. OTHER INCOME

	1Q FY2022 (Unaudited) HK\$'000	1Q FY2021 (Unaudited) HK\$'000
Bank interest income	2	20
Dividend income from financial assets at FVTOCI	32	50
Gain on disposal of financial assets at fair value through profit or loss	—	7
Others <i>(Note 1)</i>	—	452
	<b>34</b>	<b>529</b>

*Note:*

- The amount represents (i) government grants in respect of Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. The Group fulfilled all conditions attached to the subsidies and recognised the amount as other income; and (ii) forfeited tenant deposit.

## 6. FINANCE COSTS

	1Q FY2022 (Unaudited) HK\$'000	1Q FY2021 (Unaudited) HK\$'000
Interests on:		
Secured bank borrowings	1,037	1,230
Lease liability	—	1
	<b>1,037</b>	<b>1,231</b>



## 7. INCOME TAX EXPENSE

	1Q FY2022 (Unaudited) HK\$'000	1Q FY2021 (Unaudited) HK\$'000
Current tax:		
Hong Kong profits tax	–	30
Japanese corporate income tax	96	91
Japanese withholding tax	571	553
	667	674
Deferred taxation	473	479
	1,140	1,153

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For 1Q FY2022 and 1Q FY2021, 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 1Q FY2022 (1Q FY2021: 33.58%). However, for certain Japanese subsidiaries under the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for 1Q FY2022 and 1Q FY2021.

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

	1Q FY2022 (Unaudited) HK\$'000	1Q FY2021 (Unaudited) HK\$'000
Profit for the period has been arrived at after charging:		
Staff cost, excluding Directors' emoluments		
– Salaries, bonus and other benefits	2,394	3,509
– Contributions to retirement benefits scheme	72	91
<b>Total staff cost excluding Directors' emoluments</b>	<b>2,466</b>	<b>3,600</b>
Directors' remuneration	703	703
Auditors' remuneration	175	188
Depreciation of property, plant and equipment	261	292
Depreciation of right-of-use assets	–	61
Share based payments	198	223
Net exchange gain	30	1

## 9. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during 1Q FY2022 (1Q FY2021: nil).

The Directors do not recommend the payment of any interim dividend for 1Q FY2022 (1Q FY2021: 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:

<b>(a) Number of shares</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>803,360</b>	800,000
Effect of dilutive potential ordinary shares:		
Share Awards (as defined below)	<b>4,387</b>	4,350
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>807,747</b>	804,350
<b>(b) Reported earnings</b>	<b>1Q FY2022</b>	<b>1Q FY2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HKS'000</b>	<b>HKS'000</b>
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<b>1,756</b>	1,636

## 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 excludes the net effect of fair value changes of investment properties, net of deferred taxation charged. A reconciliation of profits is as follow:

	<b>1Q FY2022 (Unaudited) HK\$'000</b>	1Q FY2021 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share (Reported profit for the period attributable to owners of the Company)	<b>1,756</b>	1,636
Fair value changes of investment properties, net of deferred taxation charged	–	–
Earnings for the purpose of basic and diluted earnings per share (Underlying profit for the period attributable to the owners of the Company)	<b>1,756</b>	1,636

## 11. SHARE AWARDS

During 1Q FY2022, the movement of share awards granted are as follows:

Date of grant	Grantee(s)	Notes	Number of respective shares awarded				
			Number of new shares of the Company awarded	Vested and issued, and lapsed as at 1 April 2021	Vested and issued during 1Q FY2022	Lapsed during 1Q FY2022	To be vested and issued as at 30 June 2021
25 June 2018	Two executive directors of a wholly-owned subsidiary of the Group	1, 2	4,800,000 (the "2018 Share Awards")	3,520,000	–	–	1,280,000
3 July 2019	Two executive directors of a wholly-owned subsidiary of the Group; and seven employees of the Group who are independent third parties	1, 3	1,200,000 (the "2019 Connected Grants") 740,000 (the "2019 Selected Employees Grant")	1,200,000 740,000	– –	– –	– –
26 June 2020	Two executive directors of a wholly-owned subsidiary of the Group; and ten employees of the Group who are independent third parties	1, 4	2,540,000 (the "2020 Connected Grants") 1,290,000 (the "2020 Selected Employees Grant")	– 720,000	– –	– 10,000	2,540,000 560,000
			10,570,000	6,180,000	–	10,000	4,380,000

## 11. SHARE AWARDS (CONTINUED)

*Notes:*

1. One of the Grantees has since been appointed as an executive director of a wholly-owned subsidiary of the Group with effect from 23 June 2021.
2. Details of the 2018 Share Awards were set out in the circular of the Company dated 20 July 2018. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2018.
3. Details of the 2019 Connected Grant and 2019 Selected Employees Grant were set out in the circular of the Company dated 22 July 2019. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2019.
4. Details of the 2020 Connected Grant and 2020 Selected Employees Grant were set out in the circular of the Company dated 23 July 2020. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 7 August 2020.

On 4 January and 29 June 2021, the Board had resolved to award conditionally an aggregate of 3,930,000 new shares of the Company (the “**Awarded Shares**”) to 16 grantees. Two of the grantees, who were awarded with an aggregate of 1,440,000 new shares of the Company are executive directors of a wholly-owned subsidiary of the Group (the “**2021 Connected Grants**”). Other grantees, who were awarded with 2,490,000 Awarded Shares, are employees of the Group (the “**2021 Selected Employees Grant**”) and are independent third parties of the Group. The 2021 Connected Grants constitute non-exempt connected transactions under the GEM Listing Rules and are subject to reporting, announcement, independent financial advice and independent shareholders’ approval requirement under Chapter 20 of the GEM Listing Rules. Details are set out in the circular of the Company dated 22 July 2021.

At an extraordinary general meeting of the Company held on 6 August 2021, the deeds of grant of share awards in relation to the 2021 Connected Grants were approved and a specific mandate was granted to the Directors to allot and issue up to 1,440,000 new shares of the Company in relation to the 2021 Connected Grants. Another specific mandate was granted to the Directors to allot and issue up to 2,490,000 new shares of the Company in relation to the 2021 Selected Employees Grant.

## 11. SHARE AWARDS (CONTINUED)

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Awarded Shares to be issued.

The respective share awards under the 2021 Connected Grants are conditional upon (i) the Company having obtained from the Stock Exchange a grant of the listing of, and permission to deal in, the Awarded Shares; (ii) approval of the 2021 Connected Grants and the specific mandate for the 2021 Connected Grants by the shareholders of the Company who are not required to abstain from voting on resolutions proposed at the extraordinary general meeting of the Company held on 6 August 2021; and (iii) the relevant grantees having obtained all necessary consents and approvals that may be required to enable him/her to accept the respective share awards. As at the date of this report, conditions (ii) and (iii) have been fulfilled.

The share awards under the 2021 Selected Employees Grants are conditional upon (i) the Company having obtained from the Stock Exchange a grant of the listing of, and permission to deal in, the Awarded Shares; (ii) approval of the specific mandate for the 2021 Selected Employees Grant by the shareholders of the Company at the extraordinary general meeting of the Company held on 6 August 2021; and (iii) the relevant grantees having obtained all necessary consents and approvals that may be required to enable him/her to accept the share awards. As at the date of this report, conditions (ii) and (iii) have been fulfilled.

## 12. CAPITAL COMMITMENT

	1Q FY2022 (Unaudited) HK\$'000	1Q FY2021 (Unaudited) HK\$'000
Capital expenditure in respect of construction of an investment property contracted for but not provided in the Unaudited Condensed Consolidated Financial Statements	–	–

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group focuses on corporate finance and other consultancy services and proprietary investments. In respect of corporate finance and other consultancy services, the Group primarily offers sponsorship, financial advisory, compliance advisory, equity capital market consulting, special situations consulting and investment consulting services to its clients. For proprietary investments, the Group invests in real estate in Japan and Hong Kong and derives rental income therefrom, as well as in securities to derive dividend income therefrom and aims for capital gain.

### **Business Review**

For 1Q FY2022, the Group recorded an unaudited revenue of approximately HK\$12.7 million, representing a decrease of approximately 4.9% as compared to 1Q FY2021. Proprietary investments activities contributed approximately 74.4% of the revenue of the Group in 1Q FY2022, while the remaining portion of revenue was derived from corporate finance and other consultancy services.

### ***Corporate finance and other consultancy services***

Revenue from corporate finance and other consultancy services of the Group for 1Q FY2022 decreased by approximately 6.6% as compared to 1Q FY2021. This was mainly due to the drop in revenue from compliance advisory services from approximately HK\$1.2 million to approximately HK\$0.4 million as a number of compliance advisory engagements had lapsed. Revenue from sponsorship services decreased from approximately HK\$0.7 million to approximately HK\$0.4 million over the same period. During 1Q FY2022, we had one ongoing sponsorship project (1Q FY2021: four), with limited billing milestone achievements. Revenue generated from financial advisory services increased by 47.1% to approximately HK\$2.1 million compared to that of 1Q FY2021 due to higher number and higher average price of the engagements.

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



### ***Proprietary investments***

Revenue from proprietary investments decreased by approximately 4.3% in 1Q FY2022, amounting to approximately HK\$9.5 million (1Q FY2021: approximately HK\$9.9 million) mainly due to lower occupancy rate and partly due to a weaker JPY. During 1Q FY2022, the investment property portfolio of the Group consisted of 26 investment properties in Japan and one commercial unit in Hong Kong (1Q FY2021: 26 investment properties in Japan and one commercial unit in Hong Kong). The property in Hong Kong was fully occupied during 1Q FY2022, while the occupancy rate for the portfolio in Japan was approximately 91.9% (1Q FY2021: approximately 94.1%).

Property expenses remained largely stable in 1Q FY2022 as compared to 1Q FY2021.

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

The Group recorded a net profit of approximately HK\$2.0 million in 1Q FY2022 as compared with approximately HK\$1.9 million in 1Q FY2021 despite lower revenue. This was principally attributable to a decrease in staff costs to approximately HK\$2.5 million in 1Q FY2022 compared to approximately HK\$3.6 million in 1Q FY2021 as the overall number of staff in 1Q FY2022 was lower than 1Q FY2021.

## **OUTLOOK AND STRATEGY**

### **Advisory and consulting**

The Directors expect the sponsorship business of the Group, which primarily focuses on small and medium enterprises IPOs, will continue to be subdued, in the short term, in line with the overall market sentiments towards such IPOs. For this reason, the Directors remain cautious as to the outlook of our advisory and consulting business segment.

### **Proprietary investments**

Despite the COVID-19 pandemic which has affected the economy of Japan, the effects on values of multi-family residential real estate market in Japan have been nominal. While our residential portfolio in Japan had experienced a slight drop in occupancy in the past quarter; looking forward, the Directors do not foresee significant changes in the value or revenue contribution of our property portfolio.

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

As at 30 June 2021, 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 <sup>(Note 2)</sup>	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ip <sup>(Note 1)</sup>	Beneficiary of a trust	557,200,000 (L)	69.4
	Beneficial owner	1,250,000 (L)	0.2
	Interest of a spouse	1,250,000 (L)	0.2
Mr. Chang Sean Pey (“Mr. Chang”)	Beneficial owner	22,400,000 (L)	2.8
Ms. Leung Churk Yin Jeanny (“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 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, the spouse of Ms. Ho Shuk Yee Samantha (“Ms. Ho”), is deemed to be interested in 1,250,000 shares of the Company held by Ms. Ho by virtue of the 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 <sup>(Note 1)</sup>	Approximate percentage of shareholding (%)
Mr. Ip	KHHL <sup>(Note 2)</sup>	Beneficiary of a trust	204 (L)	80.0
	I Corporation <sup>(Note 3)</sup>	Interest of spouse	14 (L)	20.0
Ms. Leung	Residence Motoki Investment Limited ("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, is deemed to be interested in the shares of I Corporation held by Ms. Ho.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above and "Share Option Scheme" below, at no time during 1Q FY2022 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 INTERESTS IN OTHER MEMBERS OF THE GROUP

As at 30 June 2021, 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 <sup>(Note 1)</sup>	Approximate percentage of the total issued share capital of the Company (%)
Flying Castle Limited <sup>(Note 2)</sup>	Beneficial owner	557,200,000 (L)	69.4
KHHL <sup>(Note 2)</sup>	Interest in a controlled corporation	557,200,000 (L)	69.4
The Trustee <sup>(Note 2)</sup>	Trustee	557,200,000 (L)	69.4
Ms. Chan <sup>(Note 2)</sup>	Founder of a discretionary trust Beneficial owner	557,200,000 (L) 1,250,000 (L)	69.4 0.2
Mr. Ip <sup>(Note 2)</sup>	Beneficiary of a trust Beneficial owner Interest of spouse	557,200,000 (L) 1,250,000 (L) 1,250,000 (L)	69.4 0.2 0.2
Ms. Ip <sup>(Note 2)</sup>	Beneficiary of a trust Beneficial owner	557,200,000 (L) 1,250,000 (L)	69.4 0.2
Ms. Ho <sup>(Note 3)</sup>	Interest of spouse Beneficial owner	558,450,000 (L) 1,250,000 (L)	69.5 0.2
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.5

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 interested or deemed to be interested.

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

<b>Name of shareholder</b>	<b>Name of member of the Group</b>	<b>Capacity and nature of interest</b>	<b>Number of shares interested <sup>(Note)</sup></b>	<b>Percentage of shareholding (%)</b>
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 Lynton Gate Limited	Beneficial owner	600 (L)	10.0
	EXE Rise Shimodori Investor Limited	Beneficial owner	1 (L)	10.0
			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 30 June 2021, had, or was 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 maintained the public float as required under GEM Listing Rules during 1Q FY2022.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during 1Q FY2022 and up to the date of this report.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2021, the Group had 20 staff (30 June 2020: 25) in total. 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 contribution, medical insurance coverage, other allowances and benefits.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the “**Share Option Scheme**”) by shareholder resolution passed on 26 September 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. During 1Q FY2022 and up to the date of this report, no share option was granted by the Company and there was no share option outstanding under the Share Option Scheme as at 30 June 2021.

## **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 Q1 FY2022.

## 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 controlling shareholders as described below.

The Board has reviewed the corporate governance practices of the Company and is satisfied that the Company complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules during 1Q FY2022.

## DIRECTORS’ SECURITIES TRANSACTIONS

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 for dealing in securities of the Company by the Directors (the “**Required Standard of Dealings**”).

Having made specific enquiries with all the Directors, each of them has confirmed that they complied with the Required Standard of Dealings during the period in 1Q FY2022 to the date of this report. The Company has not been notified by Directors of any incident of non-compliance during such period.

## COMPETING INTERESTS

As at 30 June 2021, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had 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 12 March 2021, an existing lender of the Group, Hang Seng Bank Limited, pursuant to its periodic review, agreed to replace the previous facilities with a revised revolving loan facility and property instalment loan in aggregate amount of HK\$34,150,000 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 12 March 2021.

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%.

## **AUDIT COMMITTEE**

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Chan Sun Kwong. The other members are Mr. Chao Tien Yo and Mr. Lee Shu Yin respectively. The primary duty of the Audit Committee is to review and supervise the Company’s financial reporting process, the risk management and internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to code provision C.3.3 of the CG Code, the Audit Committee has reviewed the report, including the unaudited consolidated results of the Group for 1Q FY2022 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, 6 August 2021

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