ALTUS

ALTUS HOLDINGS LIMITED
浩德控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8149)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

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*This announcement, 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 announcement 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 announcement misleading.*

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2018 ("**FY2018**"), together with the audited comparative figures for the year ended 31 March 2017 ("**FY2017**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**70,961**	51,761
Other income	*6*	**3,048**	5,629
Net increase in fair value of investment properties		**12,707**	24,986
Changes in fair value of derivative financial liabilities		**(302)**	25
Impairment loss on available-for-sale investments		**(182)**	(468)
Property expenses		**(11,162)**	(8,073)
Administrative and operating expenses		**(36,454)**	(47,717)
Share of results of associates		**(568)**	(1,893)
Finance costs	*7*	**(5,493)**	(3,520)
Profit before tax		**32,555**	20,730
Income tax expense	*8*	**(5,690)**	(7,682)
Profit for the year	*9*	**26,865**	13,048
Other comprehensive income (expense) for the year			
Items that will be subsequently reclassified to profit or loss			
Change in fair value of available-for-sale investments		**(183)**	424
Exchange differences arising on translating foreign operations		**20,934**	4,779
Share of translation reserve of associates		**732**	(8)
Other comprehensive income for the year		**21,483**	5,195
Total comprehensive income for the year		**48,348**	18,243

	Note	2018 HK$'000	2017 HK$'000
Profit for the year attributable to:			
Owners of the Company		**26,295**	12,356
Non-controlling interests		**570**	692
		26,865	13,048
Total comprehensive income for the year attributable to:			
Owners of the Company		**47,054**	17,330
Non-controlling interests		**1,294**	913
		48,348	18,243
Earnings per share *(HK cents)*	*11*		
– Basic and diluted		**3.29**	1.79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**43,855**	44,663
Investment properties and investment property under construction		**597,660**	429,001
Interests in associates		**2,945**	6,248
Available-for-sale investments	*12*	**4,395**	3,081
Deposit paid for acquisition of investment properties		**–**	2,085
Prepayment	*13*	**111**	–
		648,966	485,078
Current assets			
Trade and other receivables	*13*	**6,212**	4,383
Deposits placed in financial institution		**602**	382
Bank balances and cash		**51,056**	81,424
		57,870	86,189
Current liabilities			
Trade and other payables	*14*	**12,283**	10,114
Amount due to a director		**–**	483
Tax payable		**4,005**	2,886
Secured bank borrowings		**74,770**	72,672
		91,058	86,155
Net current (liabilities) assets		**(33,188)**	34
Total assets less current liabilities		**615,778**	485,112

	Notes	**2018** HK$'000	2017 HK$'000
Non-current liabilities			
Secured bank borrowings		**137,344**	65,324
Derivative financial instruments		**836**	686
Other payables – tenant deposits – over 1 year	*14*	**2,324**	92
Provision for long service payment		**–**	168
Deferred tax liabilities		**23,266**	20,123
		163,770	86,393
		452,008	398,719
Capital and reserves			
Share capital	*15*	**8,000**	8,000
Reserves		**429,685**	382,047
Equity attributable to owners of the Company		**437,685**	390,047
Non-controlling interests		**14,323**	8,672
		452,008	398,719

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company									
	Share capital	Share premium *(note i)*	Other reserve *(note ii)*	Investment revaluation reserve	Shareholder contribution *(note iii)*	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	8,000	71,288	98,747	424	5,289	(22,034)	228,333	390,047	8,672	398,719
Profit for the year	–	–	–	–	–	–	26,295	26,295	570	26,865
Other comprehensive income (expense) for the year:										
– Change in fair value of available-for-sale investments *(note 12)*	–	–	–	(183)	–	–	–	(183)	–	(183)
– Exchange differences arising on translating of foreign operations	–	–	–	–	–	20,210	–	20,210	724	20,934
– Share of translation reserve of associates	–	–	–	–	–	732	–	732	–	732
	–	–	–	(183)	–	20,942	–	20,759	724	21,483
Total comprehensive income for the year	–	–	–	(183)	–	20,942	26,295	47,054	1,294	48,348
Contribution from shareholder	–	–	–	–	3,719	–	–	3,719	–	3,719
Acquisition of additional interest in a subsidiary	–	–	85	–	–	–	–	85	(1,427)	(1,342)
Contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	280	280
Disposal of partial interest in a subsidiary without losing control	–	–	(20)	–	–	–	–	(20)	5,833	5,813
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	–	(329)	(329)
Dividends paid *(note 10)*	–	–	–	–	–	–	(3,200)	(3,200)	–	(3,200)
At 31 March 2018	8,000	71,288	98,812	241	9,008	(1,092)	251,428	437,685	14,323	452,008

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2017

	Attributable to owners of the Company										
	Share capital	Share premium *(note i)*	Other reserve *(note ii)*	Special reserve *(note ii)*	Investment revaluation reserve	Shareholder contribution *(note iii)*	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	50,195	98,065	6	(41,511)	–	357	(26,584)	218,984	299,512	11,055	310,567
Profit for the year	–	–	–	–	–	–	–	12,356	12,356	692	13,048
Other comprehensive (expense) income for the year:											
– Change in fair value of available-for-sale investments	–	–	–	–	424	–	–	–	424	–	424
– Exchange differences arising on translating of foreign operations	–	–	–	–	–	–	4,558	–	4,558	221	4,779
– Share of translation reserve of associates	–	–	–	–	–	–	(8)	–	(8)	–	(8)
	–	–	–	–	424	–	4,550	–	4,974	221	5,195
Total comprehensive income for the year	–	–	–	–	424	–	4,550	12,356	17,330	913	18,243
Issue of shares to ultimate holding company *(note iv)*	98,983	–	–	(71,979)	–	–	–	–	27,004	–	27,004
Capitalisation issue *(note 15)*	6,000	(6,000)	–	–	–	–	–	–	–	–	–
Issue of shares by way of placing *(note 15)*	2,000	83,000	–	–	–	–	–	–	85,000	–	85,000
Transaction costs attributable to issue of shares	–	(5,712)	–	–	–	–	–	–	(5,712)	–	(5,712)
Contribution from shareholder	–	–	–	–	–	4,932	–	–	4,932	–	4,932
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	1,426	1,426
Acquisition of additional interest in a subsidiary	–	–	(12)	–	–	–	–	–	(12)	(236)	(248)
Arising from Reorganisation	(149,178)	(98,065)	133,753	113,490	–	–	–	–	–	–	–
Dividends paid *(note 10)*	–	–	(35,000)	–	–	–	–	–	(35,000)	–	(35,000)
Dividend paid to non-controlling shareholders by subsidiaries *(note 10)*	–	–	–	–	–	–	–	(3,007)	(3,007)	(4,486)	(7,493)
At 31 March 2017	8,000	71,288	98,747	–	424	5,289	(22,034)	228,333	390,047	8,672	398,719

Notes:

(i) Share premium represents the difference between the shareholders' contribution and the issued capital and it is distributable.

(ii) Other reserve and special reserve mainly include (i) the difference between the nominal value of the issued share capital of the Company and its subsidiaries and the net assets value of the subsidiaries of the Group, upon completion of the group reorganisation on 26 September 2016; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received arising from changes in the Group's ownership interests in existing subsidiaries that do not result in the loss of control and they are accounted for as equity transactions.

(iii) Amounts represent the employee benefits borne by the ultimate holding company.

(iv) The amount represented the issuance by a subsidiary of the Group, Altus Investments Limited, of 999,996 ordinary shares to the ultimate holding company, Kinley-Hecico Holdings Limited ("**KHHL**") for settling the amount due to KHHL of approximately HK$27,004,000.

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

The Company is engaged in investment holding and the Group's major operating subsidiaries are mainly engaged in the provision of corporate finance services and property investments. Its subsidiaries invest in Japan properties by entering into Japanese tokumei kumiai arrangements ("**TK Agreement**") as a tokumei kumiai operators with Japanese limited liability companies known as tokumei kumaia operators ("**TK 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, Chan Kit Lai, Cecilia and Landmark Trust Switzerland SA, which the beneficiaries of the trust are Arnold Ip Tin Chee and Lam Ip Tin Wai Chyvette.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

A) Reorganisation

Pursuant to the reorganisation as described in the section headed "History, Reorganisation and corporate structure" in the prospectus of the Company dated 30 September 2016 (the "**Prospectus**"), the Company became the holding company of the companies now comprising the Group on 26 September 2016 (the "**Reorganisation**").

The Group was under the common control and beneficially owned by KHHL throughout the period from 1 April 2016 or since their respective dates of incorporation up to 26 September 2016. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared and presented on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the year ended 31 March 2017 by using the principles of merger accounting with reference to Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows including the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence throughout the year ended 31 March 2017.

B) Going Concern

Notwithstanding that the Group has incurred net current liabilities of approximately HK$33,188,000 as at 31 March 2018, the consolidated financial statements as at 31 March 2018 have been prepared on a going concern basis as the directors of the Company (the "**Directors**") are satisfied that the liquidity of the Group can be maintained in the coming year after taking into consideration of:

i) As at 31 March 2018, the Group has unutilised available banking facilities of approximately HK$25,500,000. Subsequent to the end of the reporting period, additional HK$13,000,000 banking facility has been obtained from a bank in Hong Kong.

ii) The bank borrowings of approximately HK$20,000,000 with the repayment on demand clause which are not repayable within one year from the end of the reporting period according to the repayment schedule were classified as current liabilities in accordance with Hong Kong IFRS Interpretations Committee (the "**IFRIC**") – Interpretation 5 – Presentation of Financial Statement – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause issued by the HKICPA. Such bank borrowings were pledged against the investment property at fair value of approximately HK$73,500,000 owned by the Group as at 31 March 2018, hence, its repayment is expected to be fully recovered through the realisation of this asset by sale should the repayment on demand clause be exercised.

Accordingly, the Directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2018. The Directors are satisfied that it is appropriate to prepare these financial statements on a going concern basis. The consolidated financial statements as at 31 March 2018 do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

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

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12

Except as described below, the application of other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendment to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in the consolidated financial statements. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in the consolidated financial statements, the Directors considered that these amendments have had no impact on the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2019.

3 Effective for annual periods beginning on or after 1 January 2021.

4 Effective date not yet been determined.

The Directors anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("**FVTOCI**") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors have performed a preliminary analysis of the Group's financial instruments as at 31 December 2017 based on the fact and circumstances existing at that date. The Directors have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated with irrevocable election to present in other comprehensive income the changes in fair value. For the available-for-sale equity investments that are not held for trading and are currently stated at cost less impairment, the Group has made an irrevocable election to present in other comprehensive income the changes in fair value.

(b) Impairment

The Directors expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The application of the expected credit loss model may result in earlier recognition of credit loss for trade and other receivables and increase the amount of impairment allowance recognised for these items.

The Directors will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the Directors expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major source of revenue of the Group are provision of services and rental income. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over the services is transferred to a customer. The Directors have preliminarily assessed each type of performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue.

Furthermore, HKFRS 15 requires the transaction price be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements.

However, the Directors expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 March 2018.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 will become effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16.

As at 31 March 2018, the Group non-cancellable operating lease commitments of approximately HK$567,000 as disclosed in consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The Directors are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under HKFRS 16. The Directors expect that the adoption of HKFRS 16 will not have material impact on the Group's result but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

4. REVENUE

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

	2018	2017
	HK$'000	*HK$'000*
Corporate finance services	**36,476**	27,233
Property investment *(note)*	**34,485**	24,528
	70,961	51,761

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

	2018	2017
	HK$'000	*HK$'000*
Gross rental income from investment properties	**34,485**	24,528
Less: direct operating expenses incurred for investment properties that generated rental income during the year (included in property expenses)	**(11,162)**	(8,073)
Net rental income	**23,323**	16,455

5. 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 Group's reportable and operating segments are as follows:

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

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

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

Year ended 31 March 2018

	Corporate finance services	**Property investment**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
REVENUE			
External revenue and segment revenue	**36,476**	**34,485**	**70,961**
RESULT			
Segment profit	**24,210**	**31,360**	**55,570**
Other income and expenses			**(20,128)**
Share of results of associates			**(568)**
Finance costs			**(2,319)**
Profit before tax			**32,555**

Year ended 31 March 2017

	Corporate finance services	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*
REVENUE			
External revenue and segment revenue	27,233	24,528	51,761
RESULT			
Segment profit	11,106	38,109	49,215
Other income and expenses			(25,000)
Share of results of associates			(1,893)
Finance costs			(1,592)
Profit before tax			20,730

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

Segment assets and liabilities

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

Segment assets

	2018	2017
	HK$'000	*HK$'000*
Corporate finance services	**4,266**	2,955
Property investment	**599,386**	432,194
Total segment assets	**603,652**	435,149
Unallocated	**103,184**	136,118
Total assets	**706,836**	571,267

Segment liabilities

	2018	2017
	HK$'000	*HK$'000*
Corporate finance services	**215**	2,334
Property investment	**160,037**	78,357
Total segment liabilities	**160,252**	80,691
Unallocated	**94,576**	91,857
Total liabilities	**254,828**	172,548

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, available-for-sale investments, certain other receivables, interests in associates, deposits placed in financial institution, bank balances and cash and other corporate assets; and

- all liabilities are allocated to operating segments other than certain other payables, tax payable, amount due to director, certain secured bank borrowings, derivative financial liabilities, deferred tax liabilities and other corporate liabilities.

Revenue from major services

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

	2018	2017
	HK$'000	*HK$'000*
Sponsorship services	**24,955**	13,084
Financial advisory services	**8,026**	9,127
Compliance advisory services	**3,275**	4,087
Other corporate finance services	**220**	935
	36,476	27,233
Rental income	**34,485**	24,528
	70,961	51,761

Geographic information

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

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets, excluding available-for-sale investments and prepayment, is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**38,268**	29,043	**117,353**	108,163
Japan	**32,693**	22,718	**527,107**	373,834
	70,961	51,761	**644,460**	481,997

During the years ended 31 March 2018 and 2017, there was no single customer contributing over 10% of the Group's total revenue.

6. OTHER INCOME

	2018 *HK$'000*	2017 *HK$'000*
Bank interest income	**37**	26
Dividend income from available-for-sale investments	**292**	557
Gain on bargain purchase	**–**	824
Net exchange gain	**1,071**	–
Gain on disposal of held-for-trading investments	**42**	–
Reversal of impairment losses of trade receivables	**5**	16
Administrative fee income	**1,601**	3,892
Marketing service income	**–**	66
Sundry income	**–**	248
	3,048	5,629

7. FINANCE COSTS

	2018 *HK$'000*	2017 *HK$'000*
Interest on amount due to ultimate holding company	**–**	22
Interests on secured bank borrowings	**5,493**	3,498
	5,493	3,520

8. INCOME TAX EXPENSE

	2018 *HK$'000*	2017 *HK$'000*
Current tax:		
Hong Kong Profits Tax		
– Current year	**1,672**	1,474
Japanese Corporate Income Tax	**206**	52
Japanese Withholding Tax	**1,909**	1,387
	3,787	2,913
Deferred taxation	**1,903**	4,769
	5,690	7,682

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years ended 31 March 2018 and 2017.

Under the Japan Corporate Income Tax Law, Japanese Corporate Income Tax is calculated at 33.8% of the estimated assessable profits for the years ended 31 March 2018 and 2017. However, regarding to the TK Arrangement, the applicable tax rate of those Japanese subsidiaries is 20.42% for the years ended 31 March 2018 and 2017.

Japanese Withholding Tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for the years ended 31 March 2018 and 2017.

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.

9. PROFIT FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff cost, excluding directors' emoluments		
– Salaries, bonus and other benefits	**10,910**	10,323
– Contributions to retirement benefits scheme	**376**	320
– Reversal of provision for long service payment	**(168)**	–
Total staff costs excluding directors' emoluments	**11,118**	10,643
Auditors' remuneration	**950**	900
Depreciation of property, plant and equipment	**1,318**	1,287
Loss on disposal of an associate (included in administrative and operating expenses)	**–**	1,274
Share based payments	**3,719**	4,932
Net exchange loss	**–**	950
Operating lease paid for rented office premises	**197**	–
Listing expenses (included in administrative and operating expenses)	**–**	11,251

10. DIVIDENDS

During the year ended 31 March 2017, an interim dividend of HK$35,000,000 was paid by the Company to its then shareholders prior to the completion of the Reorganisation.

During the year ended 31 March 2017, interim dividends of approximately HK$7,493,000 were paid by the subsidiaries of the Group, to its then shareholders prior to the completion of the Reorganisation.

During the year ended 31 March 2018, final dividends of HK$1,600,000 (HK0.2 cent per share) in respect of the year ended 31 March 2017 and interim dividends of HK$1,600,000 (HK0.2 cent per share) in respect of the year ended 31 March 2018 were declared and paid to the shareholders of the Company.

Subsequent to the end of the reporting period, a final dividend of HK$1,600,000 (HK0.2 cent per share) and a special dividend of HK$400,000 (HK0.05 cent per share) in respect of the year ended 31 March 2018 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

11. EARNINGS PER SHARE

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

Earnings

	2018	2017
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (Profit for the year attributable to the owners of the Company)	**26,295**	12,356

Number of shares

	2018	2017
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**800,000**	690,959

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2017 has been retrospectively adjusted for the effects of capitalisation issue as detailed in the section headed "Share Capital" in the Prospectus.

Dilutive earnings per share are the same as basic earnings per share for the years ended 31 March 2017 and 2018 as there were no dilutive potential ordinary shares during the years ended 31 March 2017 and 2018.

12. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2018	2017
	HK$'000	*HK$'000*
Listed investments (stated at fair value):		
– Equity securities listed in Hong Kong	**2,737**	1,395
– Equity securities listed in Singapore	**–**	182
	2,737	1,577
Unlisted investments (stated at cost):		
– Debentures and club memberships	**1,519**	1,504
– Equity investment	**139**	–
	1,658	1,504
Total	**4,395**	3,081

Note: As at 31 March 2017, the fair value of the equity securities listed in Singapore was lower than the cost of the equity securities and approximately HK$468,000 has been impaired accordingly. During the year ended 31 March 2018, equity securities listed in Singapore had been delisted, therefore, such available-for-sale investment of approximately HK$182,000 has been fully impaired accordingly.

The above unlisted equity investments represent investments in unlisted equity securities issued by private entity incorporated in Japan. They are measured at cost less impairment at the end of the reporting period because the Directors are of the opinion that their fair values cannot be measured reliably.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

a) The trade receivables are due upon the issuance of the invoices. The Group does not hold any collateral over these balances. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date which approximates the respective revenue recognition dates at the end of the reporting period. It also represented the ageing analysis of trade receivables which are past due but not impaired, at the end of the reporting periods.

	2018	2017
	HK$'000	*HK$'000*
– Within 30 days	**3,914**	1,606
– More than 30 but within 60 days	**3**	25
– More than 60 but within 90 days	**30**	–
– More than 90 but within 180 days	**–**	151
– Over 180 days	**–**	125
	3,947	1,907

Trade receivables that were past due but not impaired were related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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

	2018	2017
	HK$'000	*HK$'000*
Deposits	**192**	382
Prepayments	**1,404**	869
Other receivables	**780**	1,225
	2,376	2,476

14. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**116**	76
Other payables	**14,491**	10,130
	14,607	10,206
Analysed for reporting purposes:		
Current portion	**12,283**	10,114
Non-current portion	**2,324**	92
	14,607	10,206

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

15. SHARE CAPITAL

	Number of Ordinary shares	Share capital
		HK$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 1 January 2016	38,000,000	380
Increase on 26 September 2016 *(note a)*	4,962,000,000	49,620
Authorised at 31 March 2017 and 31 March 2018	5,000,000,000	50,000
Issued and fully paid:		
At 1 January 2016	1	–
Issued by capitalisation of the share premium account *(note b)*	599,999,999	6,000
Issued of shares upon listing *(note c)*	200,000,000	2,000
Issued and fully paid at 31 March 2017 and 31 March 2018	800,000,000	8,000

Notes:

(a) Pursuant to the written resolutions passed by the shareholders of the Company on 26 September 2016, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of additional 4,962,000,000 ordinary shares of HK$0.01 each.

(b) On 26 September 2016, pursuant to the resolution passed by of the then shareholders of the Company, it was approved to issue 599,999,999 ordinary shares of HK$0.01 each to the then shareholders by way of capitalisation of approximately HK$6,000,000 standing to the credit of the share premium account of the Company following the placing of 200,000,000 ordinary shares of the Company. Such shares were issued on 17 October 2016, being the date of completion of the Listing.

(c) In connection with the Company's placing and Listing on 17 October 2016, the Company issued 200,000,000 ordinary shares of HK$0.01 each for cash at a price of HK$0.425 per share (the "**Placing**"). Of the gross proceeds from the Placing of HK$85,000,000, HK$2,000,000 representing the par value credit to the share capital, and HK$83,000,000, before the share issue expenses, were credited to share premium account.

(d) All shares issued during the year ended 31 March 2017 rank pari passu in all respects among themselves and with the then existing shares.

16. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2018 and 2017, the Group entered into the following transactions with related parties:

Name of the related party	**Relationship**	**Nature of transactions**	**2018** ***HK$'000***	2017 *HK$'000*
KK Tenyu Asset Management	Associate	Marketing service income received (included in other income)	**–**	66
		Listing expenses paid	**–**	(81)
		Asset management fee paid	**(166)**	(270)
		Guarantee fee paid	**(83)**	(148)
Japan Special Situation Investment Limited ("**JSSI**")	Former associate	Accountancy fee income received (included in other income)	**–**	16
Japan Residential Assets Manager Limited ("**JRAM SG**")	Associate	Accountancy fee income received (included in other income)	**1,601**	3,892
KHHL	Ultimate holding company	Interest paid	**–**	(22)

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

OPERATION REVIEW AND FINANCIAL REVIEW

Review of Operations

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

Corporate Finance

The Group recorded revenue of approximately HK$36.5 million in FY2018, an increase of 34.2% over FY2017. A breakdown of the Group's corporate finance revenue is as follows:

	For the year ended 31 March					
	2018			2017		
	Revenue	**% of corporate finance revenue**	**Number of active engagements** ***(note)***	Revenue	% of corporate finance revenue	Number of active engagements *(note)*
	HK$'000			*HK$'000*		
Sponsorship	**24,955**	**68%**	**11**	13,084	48%	6
Financial advisory	**8,026**	**22%**	**55**	9,127	34%	37
Compliance advisory	**3,275**	**9%**	**8**	4,087	15%	8
Others	**220**	**1%**	**1**	935	3%	7
Total	**36,476**	**100%**		27,233	100%	

Note: Active engagements represent corporate finance engagements from which the Group had derived income during the relevant financial year. It excludes inter-group revenue received by Altus Capital Limited, a wholly-owned subsidiary of the Company, for acting as joint sponsors of the Company's listing in October 2016, as well as for acting as financial adviser to the Company subsequent to the Listing.

Revenue from sponsorships improved in FY2018 in line with the higher number of active engagements as certain resources were deployed internally towards the Company's own listing application in FY2017. Of the active sponsorship engagements in FY2018, Okura Holdings Limited (stock code: 1655), Solis Holdings Limited (stock code: 2227) and Pentamaster International Limited (stock code: 1665) were listed in May and December 2017 and January 2018 respectively. The other active engagements were, amongst others, being vetted by regulators or were in preparation for submission of listing application during FY2018.

In respect of financial advisory engagements, revenue recorded in FY2018 was about 12% lower than the previous financial year despite higher number of active engagements. This was partly attributable to certain financial advisory engagements undertaken during FY2018 which took a long duration to process due to its complexity, and in turn, has an impact on the amount of fees charged with reference to the progress of the engagement; and partly attributable to a higher number of financial advisory engagements undertaken during the year which commanded comparatively lower fees.

Revenue from compliance advisory as well as other services decreased in FY2018 given some engagements ended during FY2018.

Property Investment

As at 31 March 2018, the Group had a portfolio of 21 investment properties in Japan, one investment property under construction in Japan and one investment property in Hong Kong. This investment property portfolio contributed rental income of approximately HK$34.5 million in FY2018. In addition to the above, the Group also owned its principal place of business at 21 Wing Wo Street, Central, Hong Kong which is classified as property, plant and equipment. During FY2018, the Group had conducted a number of acquisitions in Japan as elaborated below.

Japan

A summary of the investment properties in Japan as at 31 March 2018 are as follows:

	Property name	Location	Net rentable area *(sq.ft.)*	Number of units	Appraised value as at 31 March 2018 JPY million	Appraised value as at 31 March 2017 JPY million	Average occupancy in FY2018 (by revenue)
1.	Ark Palace Hiragishi	Sapporo	14,485	54	392	386	99%
2.	Kitano Machikado GH	Sapporo	953	5	29	27	100%
3.	LC One	Sapporo	6,582	26	123	135	96%
4.	Libress Hiragishi	Sapporo	11,554	36	176	163	98%
5.	Nouvelle 98	Sapporo	13,790	38	225	222	93%
6.	Rakuyukan 36 [note 1]	Sapporo	18,046	38	319	313	100%
7.	South 1 West 18 Building	Sapporo	15,529	37	263	258	93%
8.	T House	Sapporo	6,751	24	141	139	95%
9.	Tommy House Hiragishi	Sapporo	8,782	28	155	153	98%
10.	Uruoi Kawanone [note 2]	Sapporo	15,553	65	643	595	77%
11.	White Building A & B	Sapporo	13,523	55	224	217	100%
12.	City Court Suginami	Hakodate	13,640	44	221	223	85%
13.	Azabu Sendaizaka Hills	Tokyo	12,046	7	1,380	1,310	98%
14.	Azabu Juban Crown Building	Tokyo	2,248	5	247	245	93%
15.	Residence Motoki	Fukuoka	11,992	12	280	272	98%
16.	Wealth Fujisaki	Fukuoka	7,390	10	176	172	97%
17.	Rise Shimodori EXE	Kumamoto	14,159	35	471	429	98%
18.	Rise Fujisakidai [Note 3]	Kumamoto	13,891	36	405	N/A	99%
19.	Rise Kumamoto Station South [Note 3]	Kumamoto	10,116	20	209	N/A	100%
20.	Rise Shimodori [Note 3]	Kumamoto	13,619	36	457	N/A	99%
21.	Kagoshima Tenmonkan Building [Note 4]	Kagoshima	6,541	1	534	N/A	100%
22.	Shinoro House [Note 5]	Sapporo	1,272	6	N/A	N/A	N/A

Notes:

1. Rakuyukan 36 is held by JSSI. In June 2017, the Group had increased its attributable interest in JSSI from approximately 86.5% to approximately 94.6%,

2. The acquisition of Uruoi Kawanone was completed in December 2016 with vacant possession. It serves as accommodation for the aged who progressively moved in from March 2017 onwards.

3. The acquisitions of Rise Fujisakidai, Rise Kumamoto Station South and Rise Shimodori were completed in April 2017.

4. The acquisition of Kagoshima Tenmonkan Building was completed in October 2017.

5. The piece of land on which Shinoro House was erected was acquired in November 2017. Shinoro House is an investment property under construction as at 31 March 2018. Construction had completed in May 2018 and tenants are expected to progressively move in from July 2018 onwards.

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

During FY2018, the Group acquired (through its investment vehicle, Lynton Gate Limited) Rise Fujisakidai, Rise Kumamoto Station South and Rise Shimodori in April 2017 and Kagoshima Tenmonkan Building in October 2017. In November 2017, the Group also acquired a parcel of land and subsequently constructed Shinoro House on it. These acquisitions were in line with the Group's view to expand and diversify its property investment portfolio.

In November 2017, the Group disposed of 10.0% of its shareholding interests in Lynton Gate Limited for approximately JPY78.7 million, reducing the Group's relevant shareholding interests to 90.0% following this disposal. This disposal allows the Group to improve its liquidity for possible deployment to other opportunities.

Hong Kong

The investment property in Hong Kong is an office unit at Duddell Street, Central with saleable area of approximately 2,267 sq.ft.. It had been leased out throughout FY2018 except for a short period in June 2017 when there was a change in tenant. This property's appraised value as at 31 March 2018 was HK$73.5 million.

Others

The Group's 40%-owned associate, JRAM SG, was the manager of Saizen REIT, a real estate investment trust previously listed on the Mainboard of the Singapore Stock Exchange Securities Trading Limited. Saizen REIT had been terminated and delisted from SGX-ST in October 2017 following the sale of its entire property portfolio. Following such termination, JRAM SG had similarly been voluntarily liquidated in May 2018.

Compliance with laws and regulations

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

Financial Review

Review of Operating Results

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

Revenue

The Group recorded revenue of HK$71.0 million in FY2018 compared with HK$51.8 million in FY2017, representing an increase of approximately 37.1%. Such increase was driven by higher revenue for both business segments where there was (i) a 40.8% increase in property investment revenue from HK$24.5 million in FY2017 to HK$34.5 million in FY2018; and (ii) a 34.2% increase in corporate finance service revenue from HK$27.2 million in FY2017 to HK$36.5 million in FY2018.

Corporate finance

The increase in revenue of corporate finance services by 34.2% was mainly attributable to an increase in sponsorship revenue from HK$13.1 million in FY2017 to HK$25.0 million in FY2018 due to (i) higher number of active engagements during FY2018 of 11 compared with 6 in FY2017; and (ii) achievement of more billing milestones for these projects.

The effects of the above was partially offset by lower revenue of other types of advisory services. Lower revenue of other types of advisory services was partly attributable to certain financial advisory engagements undertaken during FY2018 took a long duration to process due to its complexity, which in turn, has an impact on the amount of fees charged with reference to the progress of the engagement; and partly attributable to more financial advisory engagements undertaken during the year were generally of shorter duration by nature.

Property investment

The higher revenue from property investment in FY2018 was mainly attributable to the increase of Group's property investment portfolio where during the year, the Group had acquired three properties in Kumamoto (being Rise Fujisakidai, Rise Kumamoto Station South and Rise Shimodori) and a property in Kagoshima (being Kagoshima Tenmonkan Building). There was also an improvement in occupancy rate for the Properties in Japan where the average occupancy rate during FY2018 was approximately 94.8% compared with 93.7% during FY2017.

Meanwhile, the occupancy rate for the property in Hong Kong declined slightly to 93.2% as the office unit located at Duddell Street, Central was vacant for a short period in June 2017 when there was a change in tenant.

Other income

Other income in FY2018 decreased to HK$3.0 million from HK$5.6 million in the previous financial year due to (i) a decrease in administrative fee income, in particular the administrative fee income from JRAM SG which had ceased in October 2017; (ii) a decrease in dividend income from available-from-sale investments; and (iii) the absence of one-off gain on bargain purchase of JSSI recorded in FY2017. The decrease was offset by a net exchange gain of HK$1.1 million recorded in FY2018 (FY2017: nil).

Net increase in fair value of investment properties

The Group recorded a net increase in fair value of investment properties of HK$12.7 million in FY2018 (FY2017: HK$25.0 million). In particular, about HK$10.0 million fair value increase was recorded for our Hong Kong investment property at Duddell Street, Central; and in Japan, the fair value of properties Uruoi Kawanone, Azabu Sendaizaka Hills and Rise Shimodori EXE increased in aggregate by about HK$10.5 million. These increases were offset by fair value losses, mainly arising from the effects of transaction costs incurred in relation to the acquisition of the three properties in Kumamoto.

Administrative and operating expenses

Administrative and operating expenses decreased substantially from HK$47.7 million in FY2017 to HK$36.5 million in FY2018. Such decrease was a result of non-recurring expenses relating to the Listing of approximately HK$11.3 million recorded during FY2017. Excluding such one-off expenses relating to the Listing in FY2017, for illustration purpose only, administrative and operating expenses would have remained stable during FY2017 and FY2018.

Profit before tax/Profit after tax

The Group's profit before tax increased to HK$32.6 million in FY2018 from HK$20.7 million in FY2017.

The increase in profitability was attributable to (i) the higher level of revenue recorded in FY2018; and (ii) the absence of non-recurring expenses relating to Listing. This was notwithstanding (i) a decline in net increase in fair value of investment properties from HK$25.0 million in FY2017 to HK$12.7 million in FY2018; and (ii) higher interest expenses.

As expenses relating to the Listing in FY2017 was non-deductible for tax purposes, income tax expense was lower at HK$5.7 million in FY2018 compared to HK$7.7 million in FY2017 despite FY2018's higher profitability. Consequently, profit after tax for FY2018 was higher at HK$26.9 million compared with HK$13.0 million for FY2017.

Use of Proceeds from the Listing

The shares of the Company were listed on GEM on 17 October 2016. As part of the Listing, 200,000,000 new shares of the Company were placed at the placing price of HK$0.425 per share, raising gross proceeds of HK$85.0 million. Net proceeds raised during the Listing of HK$67.0 million had been fully utilised on repayment of debts, enhancement of human resources, working capital and other general corporate purposes of the Group after Listing.

Reasons for the change of use of net proceeds

As previously announced, with the changing environment of offering mechanisms and consequential changes to the work expected for underwriters and placing agents in underwriting and placing activities for initial public offerings, the Directors decided to remain focus on sponsorship and financial advisory services and not to expand into the underwriting business. The proceeds of approximately HK$10.0 million previously designated for such purpose were therefore used for the repayment of debt in November 2017.

Liquidity, Financial Resources and Capital Structure

The Group's operations are mainly financed by shareholders' equity (including equity raised pursuant to the Listing), bank loans and cash generated from operations.

	As at 31 March 2018	As at 31 March 2017
	HK$'000	*HK$'000*
Current assets	**57,870**	86,189
Current liabilities	**91,058**	86,155
Current ratio (times)*(note 1)*	**0.6**	1.0
Gearing ratio (%)*(note 2)*	**46.9**	34.7

Notes:

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

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

The Group had net current liability of approximately HK$33.2 million as at 31 March 2018 as opposed to net current assets of approximately HK$0.03 million as at 31 March 2017. The change was mainly due to (i) the decrease in banks and cash balances; and (ii) the increased in certain secured bank borrowings with repayment on demand clauses despite their maturity dates being over a year from the relevant year-end dates. During FY2018, the Group had raised cash through bank borrowings in Hong Kong and Japan to fund its acquisitions of investment properties in Japan. In particular, the bank borrowings in Hong Kong contain the aforesaid repayment on demand clauses.

This classification of such type of bank borrowings above is necessitated by the Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment Demand Clause. The Group's bank borrowings which were classified as such amounted to HK$20.0 million as at 31 March 2018 (2017: HK$12.9 million).

The Directors are satisfied that the liquidity of the Group can be maintained. Details are set out as note 2B to the consolidated financial statements of this announcement.

Gearing ratio as at 31 March 2018 was 46.9% compared to 34.7% as at 31 March 2017. The higher gearing ratio was in line with the drawdown of bank borrowings to fund property acquisitions as described above. During FY2018, the Group had obtained five loans with principal amount of HK$80.6 million in aggregate.

Cash balance

As at 31 March 2018, the Group had cash and bank balances amounted to HK$51.1 million (2017: HK$81.4 million) of which HK$9.4 million was held in JPY. Cash and bank balances were lower due to their deployment towards property acquisitions.

Foreign exchange and interest rate exposures

The Group manages its foreign exchange exposure by monitoring the matching of the currencies of its debts with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. In FY2018, loans to be serviced by rental income generated from or secured by properties in Japan were denominated in Japanese Yen ("**JPY**"); meanwhile, loans secured by properties (for investment and self-occupation) in Hong Kong were serviced by income derived from Hong Kong and Japan denominated in HK$ and JPY respectively.

To mitigate risks associated with fluctuations of interest rates for some of the loans in Japan with variable interest rates, the Group had entered into derivative financial instruments as a means to effectively fix the interest rate. As at 31 March 2018, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK$34.2 million (2017: HK$25.4 million).

Bank borrowings

Total interest bearing loans of the Group increased from HK$138.0 million as at 31 March 2017 to HK$212.1 million as at 31 March 2018. It was mainly due to the Group obtaining five loans with maturities ranging from 10 years to 26 years with aggregate principal amount of JPY1,090.0 million (equivalent to HK$80.6 million). These loans are partially secured by a charge over the properties held under Godo Kaisha Yuzuha and Yugen Kaisha Houten, (being subsidiaries of the Company and tokumei kumiai operators) from banks in Japan. These loans carry fixed and variable interest rates ranging from 1.65% to 2.85% per annum.

As at 31 March 2018, approximately HK$72.8 million (2017: HK$76.4 million) of the Group's interest bearing loans had variable interest rates. The interest coverage ratio as at 31 March 2018 was 4.5 times (2017: 6.9 times).

Charges on the Group's assets

As at 31 March 2018, (i) both the properties in Hong Kong; and (ii) all the properties in Japan (save for Kitano Machikado GH, Rakuyukan 36 and Shinoro House), had been charged in favour of banks and financial institutions in Hong Kong and Japan for loans obtained from these banks and financial institutions.

Capital commitments/Contingent liabilities

As at 31 March 2018, the Group had capital commitments in respect of the construction of its investment property, being Shinoro House; that had been contracted for but not provided for in the consolidated financial statements of approximately HK$0.6 million.

Save as disclosed above, the Group did not have any significant contingent liabilities as at 31 March 2018.

Outlook

Corporate finance

Over the past 12 to 18 months, the Securities and Futures Commission and Stock Exchange had issued and announced a number of guidelines and rules changes which have had an effect on the Group's corporate finance business. Examples of these included the guideline issued by SFC to sponsors, underwriters and placing agents involved in the listing and placing of GEM stocks, listing rules changes reflecting the new role of GEM as a market for small and mid-sized companies including removal of the streamlined process of GEM transfers to Main Board, increase in cash flow requirement for GEM applications as well as new listing rules permitting listings of companies with weighted voting rights and pre-revenue biotech issuers. Amidst the above changes, the initial public offering market has remained buoyant with several high-profile companies seen seeking listings in Hong Kong. Meanwhile, there has been a notable decrease in applicants for GEM following its repositioning.

Specifically for the Group, demand for sponsorship services, in particular from Main Board applicants has been strong and is expected to continue in the coming financial year barring unforeseen negative market development. However, the Directors are conscious of the increasing proportion of revenue from sponsorship activities relative to other types of advisory services in FY2018 and will continue to seek to strike a balance taking into account staff resources, complexity of deals as well as recurring nature of clients.

The Directors have also observed an increase in number of corporate finance and advisory service providers in the market. Notwithstanding such potential competition, they believe there are sufficient demand for the Group's services having considered the number of listing applications made to the Stock Exchange as well as the continued increase in number of listed companies on the Stock Exchange. The Group will strive to strengthen its competitive position through marketing initiatives both in Hong Kong and overseas and recruitment of appropriate staff members.

Property investment

The property investment markets in Hong Kong and Japan had continued to improve on a stable basis, in terms of both capital value increases and rental yields. The Directors expect this trend to continue barring unforeseen circumstances.

The Group's strategy for its property investment business is to retain and enhance recurring income stream via expansion and diversification of its property portfolio. While the pace of acquisition has slowed since the acquisitions of the three properties in Kumamoto and the property in Kagoshima, the Directors will continue to look out for appropriate investment opportunities. Supported by full-year contributions from the above newly acquired properties as well as expectation of stable occupancy rates, revenue from the Group's investment property portfolio is expected to increase in the coming financial year.

DIVIDEND

The Board now recommends a final dividend of Hong Kong 0.2 cent (2017: Hong Kong 0.2 cent) per share and a special dividend of Hong Kong 0.05 cent (2017: Nil) per share for the year ended 31 March 2018. The special dividend is recommended having considered the robustness of the Company's corporate financial services business in the past year. The proposed final and special dividend, if approved at the forthcoming annual general meeting of the Company, will be payable on 29 September 2018 to the Shareholders whose names appear on the register of members of the Company on 5 September 2018. Shares of the Company will be traded ex-dividend as from 29 August 2018.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 3 August 2018 to Wednesday, 8 August 2018 (the "**Closure Period**"), both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM. During this Closure Period, no transfer of the Company's shares will be registered. In order to qualify for attending and voting at the AGM, all transfers, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 2 August 2018.

The register of members of the Company will be closed from Friday, 31 August 2018 to Wednesday, 5 September 2018, both days inclusive, during which period no transfer of shares will be registered. Subject to the approval by the Shareholders of the proposed final dividend at the AGM, the final dividend will be paid on Friday, 28 September 2018 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 5 September 2018. For the entitlement to the proposed final dividend (if any), all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 30 August 2018.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As set out in the paragraph headed "Business strategies" under the section headed "Business" in the Prospectus, the Group's business objectives and strategies are, amongst others, (i) to grow the Group's existing corporate finance activities through enhancing human resources as well as broadening the scope of corporate finance services; (ii) to enhance the Group's recurring income stream by diversifying into different types of properties and geographical locations; and (iii) to retain our recurring income by reducing financing costs.

In respect of item (i) above, the Group has since the Listing continue to recruit suitable candidates for its corporate finance activities. Meanwhile, considering the recent tightening of regulatory environment in relation to placing and underwriting for initial public offerings, the planned expansion into this area of activities has not been implemented. Detail is as set out in "Use of proceeds from the Listing" and "Reasons for the change of use of net proceeds".

In respect of item (ii) above, the Group has since the Listing made several acquisitions of properties which cater to different tenant groups in different locations in Japan. The Group had also repaid certain bank loans using proceeds from the Listing.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group had 28 staff (31 March 2017: 25) in total. The Group's remuneration policy is based on the relevant Director or member of senior management's duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, our Group's profit as a whole and comparable market levels. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage, other allowances and benefits.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has adopted the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules.

To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code during the year ended 31 March 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted 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 Dealing**").

Following specific enquiries to all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings during the year ended 31 March 2018.

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2018.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial information has been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA LIMITED, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA LIMITED on the preliminary announcement.

By Order of the Board of
Altus Holdings Limited
Arnold Ip Tin Chee
Chairman

Hong Kong, 22 June 2018

As at the date of this announcement, the executive Directors are Mr. Arnold Ip Tin Chee and Mr. Chang Sean Pey and Ms. Leung Churk Yin Jeanny; and the independent non-executive Directors are Mr. Chao Tien Yo, Mr. Chan Sun Kwong and Mr. Lee Shu Yin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 document misleading.

This announcement will remain on the website of the 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 announcement will also be published and remains on the website of the Company at www.altus.com.hk.