

ALTUS
ALTUS HOLDINGS LIMITED
浩德控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8149)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018**

**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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

*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.*

FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (the “**Group**”) recorded an unaudited revenue of HK\$37.9 million for the six months ended 30 September 2018 (“**1H FY2019**”), representing an increase of approximately 21.0% when compared with HK\$31.3 million for the six months ended 30 September 2017 (“**1H FY2018**”).
- The Group recorded a net profit of HK\$13.3 million in 1H FY2019 compared with a net profit of HK\$3.1 million in 1H FY2018.

Based on the Group’s unaudited financial information for 1H FY2019 and 1H FY2018, the improvement in profitability in 1H FY2019 was principally due to the combined effects of (i) a net increase in fair value of investment properties; and (ii) the increase in revenue from both corporate finance services and property investment. Such increase was offset by expenses related to the proposed transfer of listing of the Company to the Main Board of the Stock Exchange (the “**Proposed Transfer**”) of approximately HK\$1.8 million during 1H FY2019.

- The basic and diluted earnings per share in 1H FY2019 was HK1.61 cents and the basic and diluted earnings per share in 1H FY2018 was HK0.34 cent.
- The board of Directors (the “**Board**”) recommends the payment of interim dividend of HK0.2 cent per share for 1H FY2019 (1H FY2018: HK0.2 cent per share).

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 September 2018 (“2Q FY2019”) and 1H FY2019, together with the comparative unaudited figures for the three months ended 30 September 2017 (“2Q FY2018”) and 1H FY2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT FOR 1H FY2019 AND 1H FY2018

		2Q FY2019 (Unaudited) <i>HK\$'000</i>	2Q FY2018 (Unaudited) <i>HK\$'000</i>	1H FY2019 (Unaudited) <i>HK\$'000</i>	1H FY2018 (Unaudited) <i>HK\$'000</i>
	<i>Notes</i>				
Revenue	3	21,962	14,123	37,870	31,296
Other income	5	30	696	90	1,446
Net increase in fair value of investment properties		9,000	–	9,000	–
Changes in fair value of derivative financial liabilities		41	(422)	55	(411)
Property expenses		(2,632)	(2,642)	(5,408)	(5,616)
Administrative and operating expenses		(10,195)	(8,007)	(23,072)	(19,190)
Share of results of associates		23	(76)	19	(357)
Finance costs	6	(1,493)	(1,331)	(2,833)	(2,459)
Profit before tax		16,736	2,341	15,721	4,709
Income tax expense	7	(2,084)	(705)	(2,437)	(1,650)
Profit for the period	8	<u>14,652</u>	<u>1,636</u>	<u>13,284</u>	<u>3,059</u>
Profit for the period attributable to:					
Owners of the Company		14,453	1,483	12,908	2,749
Non-controlling interests		<u>199</u>	<u>153</u>	<u>376</u>	<u>310</u>
		<u>14,652</u>	<u>1,636</u>	<u>13,284</u>	<u>3,059</u>
		HK cents	HK cents	HK cents	HK cents
Earnings per share					
– Basic	10	<u>1.81</u>	<u>0.19</u>	<u>1.61</u>	<u>0.34</u>
– Diluted	10	<u>1.81</u>	<u>0.19</u>	<u>1.61</u>	<u>0.34</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 1H FY2019 AND 1H FY2018

	2Q FY2019	2Q FY2018	1H FY2019	1H FY2018
Profit for the period	14,652	1,636	13,284	3,059
Other comprehensive income (expense) for the period				
Change in fair value of available-for-sale investments	(77)	(85)	(120)	(58)
Loss on derecognition of available-for-sale investment	–	(28)	–	(28)
Exchange differences arising on translation of foreign operations	(10,315)	(724)	(25,332)	(291)
Share of translation reserve of associates	–	45	–	561
Other comprehensive income (expense) for the period	(10,392)	(792)	(25,452)	184
Total comprehensive income (expense) for the period	<u>4,260</u>	<u>844</u>	<u>(12,168)</u>	<u>3,243</u>
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	4,366	705	(11,791)	2,953
Non-controlling interests	<u>(106)</u>	<u>139</u>	<u>(377)</u>	<u>290</u>
	<u>4,260</u>	<u>844</u>	<u>(12,168)</u>	<u>3,243</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018 and 31 March 2018

		As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	11	43,225	43,855
Investment properties and investment property under construction	11	574,693	597,660
Interests in associates		–	2,945
Available-for-sales investments	12	4,818	4,395
Prepayment	13	61	111
		<u>622,797</u>	<u>648,966</u>
Current assets			
Trade and other receivables	13	5,087	6,212
Deposits placed in financial institution		132	602
Bank balances and cash		<u>45,114</u>	<u>51,056</u>
		<u>50,333</u>	<u>57,870</u>
Current liabilities			
Trade and other payables	14	11,122	12,283
Tax payable		4,505	4,005
Secured bank borrowings	15	<u>70,109</u>	<u>74,770</u>
		<u>85,736</u>	<u>91,058</u>
Net current liabilities		<u>(35,403)</u>	<u>(33,188)</u>
Total assets less current liabilities		<u>587,394</u>	<u>615,778</u>

		As at 30 September 2018 (Unaudited) <i>HK\$'000</i>	As at 31 March 2018 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current liabilities			
Secured bank borrowings	15	123,497	137,344
Derivative financial instruments	16	596	836
Other payables – tenant deposits – over 1 year	14	2,142	2,324
Deferred tax liabilities		<u>22,585</u>	<u>23,266</u>
		<u>148,820</u>	<u>163,770</u>
		<u>438,574</u>	<u>452,008</u>
Capital and reserves			
Share capital	17	8,000	8,000
Reserves		<u>416,859</u>	<u>429,685</u>
Equity attributable to owners of the Company		424,859	437,685
Non-controlling interests		<u>13,715</u>	<u>14,323</u>
		<u>438,574</u>	<u>452,008</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1H FY2019

	Attributable to owners of the Company										
	Share capital	Share premium	Other reserve	Investment revaluation reserve	Shareholder contribution	Share award reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
	<i>(note (i))</i>	<i>(note (ii))</i>									
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2018 (audited)	8,000	71,288	98,812	241	9,008	–	(1,092)	251,428	437,685	14,323	452,008
Profit for the period	–	–	–	–	–	–	–	12,908	12,908	376	13,284
Other comprehensive income (expenses) for the period:											
Change in fair value of available-for-sale investments	–	–	–	(120)	–	–	–	–	(120)	–	(120)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(24,579)	–	(24,579)	(753)	(25,332)
	–	–	–	(120)	–	–	(24,579)	–	(24,699)	(753)	(25,452)
Total comprehensive (expense) income for the period	–	–	–	(120)	–	–	(24,579)	12,908	(11,791)	(377)	(12,168)
Contribution from shareholder <i>(note (iii))</i>	–	–	–	–	891	–	–	–	891	–	891
Vesting of employees share awards	–	–	–	–	–	74	–	–	74	–	74
Dividend paid <i>(note 9)</i>	–	–	–	–	–	–	–	(2,000)	(2,000)	(231)	(2,231)
At 30 September 2018 (unaudited)	8,000	71,288	98,812	121	9,899	74	(25,671)	262,336	424,859	13,715	438,574

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1H FY2018

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Investment revaluation reserve	Shareholder contribution	Exchange reserve	Retained profits		
	<i>(note (i))</i>	<i>(note (ii))</i>							
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2017 (audited)	8,000	71,288	98,747	424	5,289	(22,034)	228,332	390,046	398,719
Profit for the period	–	–	–	–	–	–	2,749	2,749	3,059
Other comprehensive (expenses)/ income for the period:									
Change in fair value of available-for-sale investments	–	–	–	(58)	–	–	–	(58)	(58)
Derecognition of available-for-sale investments	–	–	–	(28)	–	–	–	(28)	(28)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(271)	–	(271)	(291)
Share of translation reserves of associates	–	–	–	–	–	561	–	561	561
	–	–	–	(86)	–	290	–	204	184
Total comprehensive (expense)/ income for the period	–	–	–	(86)	–	290	2,749	2,953	3,243
Contribution from shareholder <i>(note (iii))</i>	–	–	–	–	1,860	–	–	1,860	1,860
Acquisition of addition interest in a subsidiary	–	–	85	–	–	–	–	85	(1,342)
Dividend paid <i>(note 9)</i>	–	–	–	–	–	–	(1,600)	(1,600)	(1,731)
At 30 September 2017 (unaudited)	8,000	71,288	98,832	338	7,149	(21,744)	229,481	393,344	400,749

Notes:

- (i) Share premium represents the difference between the shareholders' contribution and the issued capital and it is distributable.
- (ii) Other reserve mainly includes (i) the difference between the nominal value of the issued share capital of the Company and its subsidiaries and the net assets value of the subsidiaries of the Group, upon completion of the group reorganisation on 26 September 2016; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received arising from changes in the Group's ownership interests in existing subsidiaries that do not result in the loss of control and they are accounted for as equity transactions.
- (iii) Amounts represent the employee benefits borne by the ultimate holding company, Kinley-Hecico Holdings Limited ("KHHL").

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR 1H FY2019 AND 1H FY2018

	1H FY2019 (Unaudited) HK\$'000	1H FY2018 (Unaudited) HK\$'000
Cash generated from operations		
Decrease in trade and other receivables	1,087	11
Decrease in trade and other payables	(733)	(1,601)
Other operating cash flows	11,029	10,472
	11,383	8,882
Income tax paid	(848)	(532)
Net cash generated from operating activities	10,535	8,350
Acquisition of available-for-sale investments	(544)	(576)
Proceed from disposal of fair value through profit and loss investments	–	165
Acquisition of fair value through profit and loss investment	–	(740)
Dividend received from associates	2,908	448
Dividend received from available-for-sale investments	76	18
Decrease in deposit paid for acquisition of investment properties	–	1,406
Purchases of investment properties	(3,593)	(83,658)
Purchases of property, plant and equipment	(37)	(399)
Other investing cash flows	14	28
Net cash used in investing activities	(1,176)	(83,308)
Interest paid	(2,956)	(2,788)
New borrowings raised	4,000	95,113
Repayment of borrowings	(12,680)	(29,398)
Dividend paid	(2,231)	(1,731)
Acquisition of additional interest of a subsidiary	–	(1,342)
Net cash (used in)/generated from financing activities	(13,867)	59,854
Net decrease in cash and cash equivalents	(4,508)	(15,104)
Cash and cash equivalents at beginning of period	51,659	81,806
Effect of foreign exchange rate changes	(1,905)	503
Cash and cash equivalents at end of period	45,246	67,205
Analysis of components of cash and cash equivalents:		
Deposits placed in financial institution	132	1,066
Bank balances and cash	45,114	66,139
	45,246	67,205

1. GENERAL

The Company was incorporated as an exempted company with limited liability on 11 November 2015 in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange on 17 October 2016. The addresses 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 the Company's subsidiaries are mainly engaged in the provision of corporate finance services and property investment. Its subsidiaries invest in Japan properties by entering into Japanese tokumei kumiai arrangements ("**TK Agreements**") as a tokumei kumiai investor with Japanese limited liability companies known as tokumei kumiai operators, which are the property holding companies.

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

The condensed consolidated financial statements of the Group for 1H FY2019 (the "**Unaudited Condensed Consolidated Interim Financial Statements**") are unaudited, but have been reviewed by the Audit Committee of the Company. The Unaudited Condensed Consolidated Interim Financial Statements were approved and authorised for issue by the Directors on 9 November 2018.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL INFORMATION

The Unaudited Condensed Consolidated Interim Financial Statements are prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules. These Unaudited Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial information for the year ended 31 March 2018 (the "**2018 Financial Information**"). The Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the HKICPA. These interim financial statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2018 Financial Information except for the adoption of new or revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2018.

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

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

(i) **Completion of Reorganisation**

Pursuant to the reorganisation (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.

Upon completion of the Reorganisation on 26 September 2016, the results of the subsidiaries are consolidated into the financial statements of the Company.

(ii) **Adoption of New or Revised HKFRSs**

Adoption of new or revised HKFRSs effective on 1 April 2018

In 1H FY2019, the Group has applied, for the first time, the following new standards, amendments and interpretation to HKFRSs issued by the HKICPA.

HKFRS 9 (2014)	<i>Financial Instruments¹</i>
HKFRS 15	<i>Revenue from Contracts with Customers¹</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2014-2016 Cycle¹</i>
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts¹</i>
Amendments to HKFRS 15	<i>Clarification to HKFRS 15¹</i>
Amendments to HKAS 40	<i>Transfers of Investment Property¹</i>
HK (IFRIC) – Int 22	<i>Foreign Currency Transaction and Advance Consideration¹</i>

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

The application of the above new or revised standards, amendments and interpretation in 1H FY2019 has had no material effect on the amounts reported in these Unaudited Condensed Consolidated Financial Statements and/or disclosures set out in these Unaudited Condensed Consolidated Financial Statements.

3. REVENUE

Revenue represents revenue arising on service rendered and leasing of investment properties during the period as follows:

	2Q FY2019 (Unaudited) HK\$'000	2Q FY2018 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000	1H FY2018 (Unaudited) HK\$'000
Corporate finance services	12,916	5,711	19,554	15,202
Property investment (<i>Note</i>)	9,046	8,412	18,316	16,094
	21,962	14,123	37,870	31,296

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

	2Q FY2019 (Unaudited) HK\$'000	2Q FY2018 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000	1H FY2018 (Unaudited) HK\$'000
Gross rental income from investment properties	9,046	8,412	18,316	16,094
<i>Less:</i>				
Direct operating expenses incurred for investment properties that generated rental income during the period (included in property expenses)	(2,632)	(2,642)	(5,408)	(5,616)
Net rental income	6,414	5,770	12,908	10,478

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 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.

	Corporate finance services (Unaudited) HK\$'000	2Q FY2019 Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Corporate finance services (Unaudited) HK\$'000	2Q FY2018 Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
REVENUE						
External revenue and segment revenue	12,916	9,046	21,962	5,711	8,412	14,123
RESULT						
Segment profit (<i>Note</i>)	9,234	14,249	23,483	2,357	4,681	7,038
Other income and expenses, net			(6,101)			(3,982)
Share of results of associates			23			(76)
Finance costs			(669)			(599)
Profit before tax			16,736			2,381
	Corporate finance services (Unaudited) HK\$'000	1H FY2019 Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Corporate finance services (Unaudited) HK\$'000	1H FY2018 Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
REVENUE						
External revenue and segment revenue	19,554	18,316	37,870	15,202	16,094	31,296
RESULT						
Segment profit (<i>Note</i>)	10,616	19,556	30,172	6,009	8,309	14,318
Other income and expenses, net			(13,302)			(8,175)
Share of results of associates			19			(357)
Finance costs			(1,168)			(1,037)
Profit before tax			15,721			4,749

Note: A net increase in fair value of investment properties of HK\$9.0 million has been included in the segment profit of the property investment segment during 1H FY2019 (1H FY2018: Nil).

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

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Segment assets		
Corporate finance services	3,270	4,266
Property investment	<u>576,427</u>	<u>599,386</u>
Total segment assets	579,697	603,652
Unallocated	<u>93,433</u>	<u>103,184</u>
Total assets	<u><u>673,130</u></u>	<u><u>706,836</u></u>
	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Segment liabilities		
Corporate finance services	108	215
Property investment	<u>144,223</u>	<u>160,037</u>
Total segment liabilities	144,331	160,252
Unallocated	<u>90,225</u>	<u>94,576</u>
Total liabilities	<u><u>234,556</u></u>	<u><u>254,828</u></u>

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 payable, tax payable, 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 by each category is as follows:

	2Q FY2019 (Unaudited) HK\$'000	2Q FY2018 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000	1H FY2018 (Unaudited) HK\$'000
Sponsorship services	9,839	4,052	14,036	9,671
Financial advisory services	2,126	961	3,643	3,948
Compliance advisory services	779	687	1,528	1,572
Other corporate finance services	172	11	347	11
	<u>12,916</u>	<u>5,711</u>	<u>19,554</u>	<u>15,202</u>
Rental income	9,046	8,412	18,316	16,094
	<u>21,962</u>	<u>14,123</u>	<u>37,870</u>	<u>31,296</u>

5. OTHER INCOME

	2Q FY2019 (Unaudited) HK\$'000	2Q FY2018 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000	1H FY2018 (Unaudited) HK\$'000
Bank interest income	6	16	13	27
Dividend income from available-for-sale investments	24	251	77	265
Loss on disposal of available-for-sale investments	–	(182)	–	(182)
Unrealised fair value change in fair value through profit or loss investment	–	(39)	–	(39)
Gain on disposal of fair value through profit or loss investment	–	–	–	20
Administrative fee income	–	650	–	1,355
	<u>30</u>	<u>696</u>	<u>90</u>	<u>1,446</u>

6. FINANCE COSTS

	2Q FY2019 (Unaudited) HK\$'000	2Q FY2018 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000	1H FY2018 (Unaudited) HK\$'000
Interests on secured bank borrowings	<u>1,493</u>	<u>1,331</u>	<u>2,833</u>	<u>2,459</u>
	<u>1,493</u>	<u>1,331</u>	<u>2,833</u>	<u>2,459</u>

7. INCOME TAX EXPENSE

	2Q FY2019 (Unaudited) HK\$'000	2Q FY2018 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000	1H FY2018 (Unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax	1,073	(92)	404	134
Japanese Corporate Income Tax	44	89	86	155
Japanese Withholding Tax	<u>537</u>	<u>487</u>	<u>1,070</u>	<u>775</u>
	1,654	484	1,560	1,064
Deferred taxation	<u>430</u>	<u>221</u>	<u>877</u>	<u>586</u>
	<u>2,084</u>	<u>705</u>	<u>2,437</u>	<u>1,650</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for 1H FY2019 and 1H FY2018.

Under the Japan Corporate Income Tax Law, Japanese Corporate Income Tax is calculated at 33.8% of the estimated assessable profits for both 1H FY2019 and 1H FY2018. However, regarding to the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for 1H FY2019 and 1H FY2018.

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

8. PROFIT FOR THE PERIOD

	2Q FY2019 (Unaudited) HK\$'000	2Q FY2018 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000	1H FY2018 (Unaudited) HK\$'000
Profit for the period has been arrived at after charging:				
– Salaries, bonus and other benefits	2,927	2,319	7,544	6,431
– Contributions to retirement benefits schemes	116	91	222	183
Total staff costs, excluding Directors' emoluments	3,043	2,410	7,766	6,614
Directors' emoluments	1,280	1,168	4,629	4,382
Auditors' remuneration	238	225	475	450
Depreciation of property, plant and equipment	333	327	667	648
Share based payments	519	930	965	1,860
Expenses related to the Proposed Transfer	1,569	–	1,791	–
Impairment loss on trade receivables	–	(7)	–	(4)
Net exchange loss	147	339	623	356

9. DIVIDENDS

	1H FY2019 (Unaudited) HK\$'000	1H FY2018 (Unaudited) HK\$'000
Dividends recognised as distribution to non-controlling interests during the period by:		
Smart Tact Property Investment Limited (“ Smart Tact ”)		
2018 interim, paid – JPY818 per share (equivalent to HK\$58 per share)	65	–
2017 interim, paid – JPY565 per share (equivalent to HK\$40 per share)	–	45
I Corporation		
2018 interim, paid – JPY22,885 per share (equivalent to HK\$1,618 per share)	22	–
2017 interim, paid – JPY60,414 per share (equivalent to HK\$4,283 per share)	–	60
EXE Rise Shimodori Investor Limited (“ EXE ”)		
2018 interim, paid – JPY43,784 per share (equivalent to HK\$3,096 per share)	31	–
2017 interim, paid – JPY36,981 per share (equivalent to HK\$2,599 per share)	–	26
Lynton Gate Limited (“ Lynton ”)		
2018 interim, paid – JPY1,601,561 per share (equivalent to HK\$113,230 per share)	113	–
	231	131

The Board recommends the payment of interim dividend of HK0.2 cent per share for 1H FY2019 (1H FY2018: HK0.2 cent per share).

10. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2Q FY2019 (Unaudited) HK\$'000	2Q FY2018 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000	1H FY2018 (Unaudited) HK\$'000
Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	14,453	1,483	12,908	2,749
	30 September 2018 '000	30 September 2017 '000	30 September 2018 '000	30 September 2017 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	800,000	800,000	800,000	800,000

(b) Diluted earnings per share

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

	2Q FY2019 (Unaudited) HK\$'000	2Q FY2018 (Unaudited) HK\$'000	1H FY2019 (Unaudited) HK\$'000	1H FY2018 (Unaudited) HK\$'000
Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	14,453	1,483	12,908	2,749
	30 September 2018 '000	30 September 2017 '000	30 September 2018 '000	30 September 2017 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	800,000	800,000	800,000	800,000
Effect of dilutive potential ordinary shares arising from share awards	209	–	209	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	800,209	800,000	800,209	800,000

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

During the 1H FY2019, the Group spent HK\$37,000 (1H FY2018: HK\$399,000) on additions to properties, plant and equipment and HK\$3,593,000 (1H FY2018: HK\$83,658,000) on additions to and purchase of investment property.

The Group has pledged land and building with a carrying value of HK\$42,785,000 and HK\$43,276,000 to secure bank borrowings of the Group as at 30 September 2018 and 31 March 2018 respectively.

The Group has pledged investment properties with a carrying value of HK\$548,385,000 and HK\$570,256,000 to secure bank borrowings of the Group as at 30 September 2018 and 31 March 2018 respectively.

12. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Listed investments		
Equity securities listed in Hong Kong	<u>3,160</u>	<u>2,737</u>
	<u>3,160</u>	<u>2,737</u>
Unlisted investments		
Debentures and club membership	1,519	1,519
Equity investment	<u>139</u>	<u>139</u>
	<u>1,658</u>	<u>1,658</u>
	<u>4,818</u>	<u>4,395</u>

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Trade receivables	3,081	3,947
Less: allowances for impairment of trade receivables	<u>—</u>	<u>—</u>
	3,081	3,947
Other receivables and prepayment (<i>Note</i>)	<u>2,067</u>	<u>2,376</u>
	<u>5,148</u>	<u>6,323</u>

Note: As at 30 September 2018, included in other receivables and prepayment of approximately HK\$289,000 (as at 31 March 2018: HK\$310,000) is due from a non-controlling shareholder of the Group. The amount is unsecured, non-interest bearing and repayable on demand.

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

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
– Within 30 days	2,971	3,914
– More than 30 but within 60 days	110	3
– More than 60 but within 90 days	–	30
– More than 90 but within 180 days	–	–
– Over 180 days	–	–
	3,081	3,947

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 at the end of the reporting period:

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Deposits	192	192
Prepayments	1,168	1,404
Other receivables	707	780
	2,067	2,376

14. TRADE AND OTHER PAYABLES

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Trade payables	103	116
Other payables	13,161	14,491
	<u>13,264</u>	<u>14,607</u>

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

15. SECURED BANK BORROWINGS

During 1H FY2019, the Group obtained new secured bank borrowings in the amount of approximately HK\$4,000,000 (1H FY2018: HK\$95,113,000) and will be repayable in 2018. The proceed was used for general working capital purpose.

During 1H FY2019, the Group repaid secured bank borrowings in the amount of approximately HK\$12,680,000 (1H FY2018: HK\$29,398,000).

The secured bank borrowings of the Group carry effective interest rates (which are also equal to contracted interest rates) at fixed interest rates ranging from 1.11% to 2.79% per annum (for the year ended 31 March 2018: 1.11% to 2.85%) and at variable interest rates ranging from 1.65% to 4.04% per annum (for the year ended 31 March 2018: 1.65% to 3.53%).

The maturity periods of the secured bank borrowings range from one month to 25 years (as at 31 March 2018: one month to 26 years).

As at 30 September 2018 and 31 March 2018, the Group's bank borrowings were secured by the land and building and certain investment properties of the Group as disclosed in note 11.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Interest rate swaps	<u>596</u>	<u>836</u>

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

17. SHARE CAPITAL

The Company	Number of ordinary shares	Share capital (Audited) HK\$'000
Ordinary share of HK\$0.01 each		
Authorised at 30 September 2018 and 31 March 2018	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid at 30 September 2018 and 31 March 2018	<u>800,000,000</u>	<u>8,000</u>

18. SHARE AWARDS

On 25 June 2018, the Company entered into the deeds of grant (the “**Deeds**”) with two employees of the Group, pursuant to which the Company granted award of a total of 4,800,000 new shares of the Company, credited as fully paid, as an incentive bonus to such employees of the Group (“**Share Awards**”). The specific mandate to authorise the Directors to allot and issue up to an aggregate of 4,800,000 new shares of the Company in relation to Share Awards was granted at the extraordinary general meeting of the Company held on 8 August 2018.

On 8 August 2018, all the conditions precedent of the Share Awards have been satisfied, namely (i) the Company has obtained the approval of the Stock Exchange of the listing of, and permission to deal in, up to an aggregate of 4,800,000 new shares of the Company; (ii) the passing of the ordinary resolutions by shareholders of the Company at the extraordinary general meeting of the Company to, among other things, (aa) approve the Deeds and the transactions contemplated thereunder; (bb) grant the specific mandate to allot and issue the 4,800,000 new shares of the Company under the Share Awards; and (iii) the grantees of the Share Awards have obtained all necessary consents and approvals that may be required to enable him/her to accept the Share Awards.

On 8 August 2018, the Company granted a total of 4,800,000 Share Awards with fair value of approximately HK\$1.7 million (based on the closing price as the date of grant of HK\$0.35 each), of which the Group recognised a share based payment of approximately HK\$0.07 million during 1H FY2019 (1H FY2018: nil). As at 30 September 2018, all the 4,800,000 Share Awards were unvested. According to the Deeds, 2,240,000 Share Awards will be vested on 31 December 2019; another 1,280,000 Share Awards will be vested on 31 December 2020 and the remaining 1,280,000 Share Awards will be vested on 31 December 2021.

19. OPERATING LEASE COMMITMENTS

The Group as lessor

During 1H FY2019 and the year ended 31 March 2018, the Group's properties held for rental purpose are expected to generate rental yields of 6.4% and 5.9% respectively, on an ongoing basis. All of the properties held have committed tenants for the next one to twenty years (as at 31 March 2018: one to twenty years).

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

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Within one year	4,626	4,838
In the second to fifth year inclusive	<u>1,436</u>	<u>2,393</u>
	<u><u>6,062</u></u>	<u><u>7,231</u></u>

The Group as lessee

During 1H FY2019 and the year ended 31 March 2018, the Group leased an office under non-cancellable operating lease agreement. The lease term is 3 years with fixed rental payment. The lease agreement is renewable at the end of the lease period at market rate.

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

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Within one year	252	252
In the second to fifth year inclusive	<u>189</u>	<u>315</u>
	<u><u>441</u></u>	<u><u>567</u></u>

20. CONTINGENT LIABILITIES

As at 30 September 2018, except disclosed elsewhere in the Unaudited Condensed Consolidated Interim Financial Statements, the Group did not have any significant contingent liabilities (as at 31 March 2018: nil).

21. RELATED PARTY TRANSACTIONS

(a) Transactions

During 1H FY2019 and 1H FY2018, except disclosed elsewhere in the Unaudited Condensed Consolidated Interim Financial Statements, the Group entered into the following transactions with related parties:

Name of the related party	Relationship	Nature of transactions	1H FY2019 HK\$'000	1H FY2018 HK\$'000
KK Tenyu Asset Management	Associate	Asset management fee paid	–	(153)
		Guarantee fee paid	–	(70)
Japan Residential Assets Manager Ltd. (“JRAM SG”)	Associate	Administrative fee income received	–	1,355
			<u> </u>	<u> </u>

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

(b) Compensation of key management personnel

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

	2Q FY2019 (Unaudited)	2Q FY2018 (Unaudited)	1H FY2019 (Unaudited)	1H FY2018 (Unaudited)
Short-term benefits	1,280	1,078	4,629	4,202
Share based payments	445	930	891	1,860
Post-employment benefits	<u>14</u>	<u>14</u>	<u>27</u>	<u>27</u>
	<u>1,739</u>	<u>2,022</u>	<u>5,547</u>	<u>6,089</u>

22. MAJOR NON-CASH TRANSACTIONS

The Group has the following major non-cash transaction:

During 1H FY2019, the Group has payable in relation to addition of investment property under construction of approximately JPY2.0 million (equivalent to approximately HK\$0.14 million) (1H FY2018: nil).

23. CAPITAL COMMITMENTS

	At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
Capital expenditure in respect of construction of an investment property contracted but not provided for	<u>112</u>	<u>602</u>
	<u>112</u>	<u>602</u>

24. EVENT AFTER THE REPORTING PERIOD

On 15 October 2018, YK Hourei, a wholly-owned subsidiary of the Group, signed a construction contract with an independent vendor to construct an investment property on a piece of land located in Sapporo, Japan at the consideration of JPY13.2 million (equivalent to approximately HK\$0.91 million) for the purpose of rental earnings and/or capital appreciation.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Business Review

For 1H FY2019, the Group recorded a revenue of approximately HK\$37.9 million, representing an increase of approximately 21.0% as compared with 1H FY2018. Corporate finance services contributed approximately 51.6% of the revenue during 1H FY2019, while the remaining portion of revenue was derived from property investment.

Corporate finance

Revenue from corporate finance services for 1H FY2019 increased by approximately 28.6% as compared to 1H FY2018. This was mainly attributable to the increase in revenue generated from sponsorship engagements due to achievement of more billing milestones such as submission of listing application in 1H FY2019 from approximately HK\$9.7 million in 1H FY2018 to approximately HK\$14.0 million in 1H FY2019; which was partially offset by the decrease in the revenue generated from the provision of financial advisory services from approximately HK\$3.9 million to approximately HK\$3.6 million over the same period.

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

Property investment

As at 30 September 2018, the Group's property investment portfolio consisted of 22 buildings and a piece of land in Japan and one commercial unit in Hong Kong (1H FY2018: 20 buildings in Japan and one commercial unit in Hong Kong).

The property in Hong Kong was fully occupied during 1H FY2019, while the occupancy rate for the portfolio in Japan improved to approximately 95.8% (1H FY2018: 92.9%).

Revenue from property investment increased by approximately 13.8% in 1H FY2019, amounted to approximately HK\$18.3 million (1H FY2018: approximately HK\$16.1 million), mainly due to (i) the property in Hong Kong was vacant for a short period during 1H FY2018 due to a change of tenant; (ii) the occupancy rate for the portfolio in Japan in 1H FY2019 had improved by approximately 2.9% as compared to 1H FY2018; and (iii) the expansion of the Company's property investment portfolio in Japan in 1H FY2019 following the acquisition and completion of construction in the past year.

The Group recorded a net increase in fair value of investment properties of HK\$9.0 million due to increase in value of its property in Hong Kong.

Hokkaido prefecture in Japan, in which 13 of the investment properties are located, was struck by a series of earthquakes (the “**Earthquakes**”) in September 2018. After assessment by the local property managers, it is noted that the Earthquakes have not caused material damages to any of the Group's 13 investment properties in Hokkaido prefecture.

Net profit for the period

The Group recorded a net profit of approximately HK\$13.3 million during 1H FY2019 as compared with a net profit of approximately HK\$3.1 million during 1H FY2018. This was attributable to (i) the aforesaid net increase in fair value of investment properties; and (ii) the increase in revenue from both corporate finance services and property investment.

The profit in 1H FY2019 brought about by the above factors were partially offset by (i) the decrease in other income from approximately HK\$1.4 million to approximately HK\$0.1 million due to the absence of administrative income from JRAM SG; and (ii) one-off expenses of approximately HK\$1.8 million in relation to the Proposed Transfer.

Financial Review

Revenue

The Group's revenue by business activities during 1H FY2019 and 1H FY2018 is set out below.

	1H FY2019		1H FY2018	
		No. of active engagements/ investment properties ^(Note)		No. of active engagements/ investment properties ^(Note)
	HK\$'000 (Unaudited)		HK\$'000 (Unaudited)	
<i>Corporate finance services</i>				
Sponsorship services ^(Note)	14,036	9	9,671	6
Financial advisory services ^(Note)	3,643	22	3,948	28
Compliance advisory services	1,528	6	1,572	6
Other corporate finance services	347	4	11	1
Subtotal	19,554		15,202	
<i>Property investment portfolio</i>				
Rental income from properties in Japan	17,348	22	15,274	20
Rental income from properties in Hong Kong	968	1	820	1
Subtotal	18,316		16,094	
Total	37,870		31,296	

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

The Group's revenue during 1H FY2019 increased by approximately 21.0% as compared with 1H FY2018, mainly due to the increase in revenue from both corporate finance services and property investment. In particular, revenue from sponsorship engagements was significantly higher. This was attributable to higher number of active engagements in relation to sponsorship services during 1H FY2019 of nine compared with six in 1H FY2018 and (ii) achievement of more billing milestones of these projects. During 1H FY2019, the Group achieved more significant milestones for its sponsorship engagements such as the submission of five listing applications during the period compared to three for 1H FY2018.

The effect of above was partially offset by lower revenue from financial advisory services. During 1H FY2019, the Group had fewer active financial advisory engagements as compared with 1H FY2018 and hence resulted in lower revenue derived for financial advisory services.

For the property investment portfolio, rental income from Japan increased due mainly to the expansion in the Group's property investment portfolio in Japan during 1H FY2019.

Net increase in fair value of investment properties

The Group recorded a net increase in fair value of investment properties of HK\$9.0 million during 1H FY2019 (1H FY2018: nil). More specifically, such fair value increase was attributable to our investment property in Hong Kong at Duddell Street, Central. After discussion with valuers, banks and property agents, and observation on the Hong Kong property market during the 1H FY2019, the Directors are of the view that a change in the fair value of the investment property in Hong Kong needed to be reflected in the Group's financial results. A valuation as at 30 September 2018 was carried out by an independent valuer on the investment property in Hong Kong.

Property expenses

Property expenses in 1H FY2019 decreased slightly by approximately 3.7% to approximately HK\$5.4 million compared with 1H FY2018, due mainly to fewer repair and maintenance that was carried out during 1H FY2019.

Administrative and operating expenses

Administrative and operating expenses increased to approximately HK\$23.1 million for 1H FY2019 from approximately HK\$19.2 million for 1H FY2018. Such increase was attributable to (i) a non-recurring expense of HK\$1.8 million in relation to the Proposed Transfer during 1H FY2019; and (ii) higher staff cost due to increase in number of staff and higher bonus paid during 1H FY2019.

Share of results of associates

The Group's 40%-owned associate, Japan Regional Assets Manager Limited (“**JRAM**”) is in the process of liquidation. The Group shared a gain of associates of approximately HK\$0.02 million during 1H FY2019 as compared to a loss of approximately HK\$0.4 million during 1H FY2018.

Net profit for the period

The table below sets out the profitability of the Group excluding (i) the non-recurring expense in relation to the Proposed Transfer; and (ii) net increase in fair value of investment properties. The Group's adjusted profit for 1H FY2019 would have increased by approximately 98.6% as compared with the adjusted profit for 1H FY2018, primarily due to the increase in revenue from both corporate finance services and property investment, which was partially offset by higher staff costs during 1H FY2019.

	1H FY2019 HK\$'000	1H FY2018 HK\$'000
Profit for the period	13,284	3,059
<i>Excluding:</i>		
Expenses related to Proposed Transfer	1,791	–
Net increase in fair value of investment properties	(9,000)	–
Adjusted profit for the period	<u>6,075</u>	<u>3,059</u>

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Current assets	50,333	57,870
Current liabilities	85,736	91,058
 Current ratio (<i>times</i>) (note 1)	 0.6	 0.6
Gearing ratio (%) (note 2)	44.1	46.9

Notes:

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

The Group had net current liabilities of approximately HK\$35.4 million and HK\$33.2 million as at 30 September 2018 and 31 March 2018 respectively.

The net current liabilities position was primarily attributable to the classification as current liabilities (in accordance with the HKFRS) of loans of approximately HK\$20 million with repayment on demand clauses, despite being repayable in more than one year. The Group may record net current liabilities position from time to time. Please refer to the paragraph headed “Our Group recorded net current liabilities” under the section headed “Risk factors” of the prospectus issued by the Company on 30 September 2016.

Gearing ratio as at 30 September 2018 decreased to approximately 44.1% from approximately 46.9% as at 31 March 2018. Such decrease was mainly due to the net repayment of existing revolving loans of HK\$4.0 million.

Cash balance

As at 30 September 2018, the Group had cash and bank balances of approximately HK\$45.1 million (as at 31 March 2018: HK\$51.1 million) of which approximately HK\$36.8 million was held in JPY.

Bank borrowings

As at 30 September 2018, approximately HK\$67.2 million (as at 31 March 2018: HK\$72.8 million) of the Group’s interest bearing loans had variable interest rates. The interest coverage ratio as at 30 September 2018 was approximately 6.5 times (as at 31 March 2018: 4.5 times).

Charges on the Group’s assets

As at 30 September 2018, (i) both the properties in Hong Kong; and (ii) all then properties in Japan (save for Kitano Machikado GH, the land next to 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 30 September 2018, the Group had capital commitments in respect of the construction of its investment property that had been contracted for but not provided for in the Unaudited Condensed Consolidation Interim Financial Statements of approximately HK\$112,000 (as at 31 March 2018: HK\$602,000). Save as disclosed elsewhere, the Group did not have any significant contingent liabilities as at 30 September 2018 (as at 31 March 2018: nil).

Dividend and book closure

The Board has recommended an interim dividend of Hong Kong 0.2 cent per share of the Company for 1H FY2019 (1H FY2018: Hong Kong 0.2 cent per share). The register of members of the Company will be closed from 26 November 2018 to 30 November 2018, both days inclusive, during which period no transfer of shares will be registered. This interim dividend will be paid on 21 December 2018 to the shareholders whose names appear on the register of members of the Company on 30 November 2018. For the entitlement to this proposed interim dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 23 November 2018.

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

During 1H FY2019, the Group did not hold any significant investment other than the property investment portfolio as its ordinary and usual course of business. There were also no material acquisition and disposal undergone by the Group during the period, other than property investment activities.

Foreign exchange and interest rate exposures

The Group's reporting currency is HK\$. While the Group's corporate finance business is predominately conducted in HK\$, a substantial portion of the Group's investment portfolio in Japan is exposed to foreign currency risk, including the rental income received from the investment properties. The Group's financial performance and position are therefore exposed to fluctuations in the value of JPY against HK\$. Due to the recent weakening of JPY, a negative exchange difference arising on translation of foreign operations was approximately HK\$25.3 million during 1H FY2019 (1H FY2018: HK\$0.3 million).

The Group manages its foreign exchange exposure by monitoring the matching of the currencies of its debt with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. In FY2019, loans to be serviced by rental income generated from or secured by properties in Japan will be denominated in JPY; meanwhile, loans secured by properties (for investment and self-occupation) in Hong Kong will be serviced by income derived from Hong Kong and denominated in HK\$.

To mitigate risks associated with fluctuations of interest rates for some of the loans in Japan with variable interest rates, the Group had entered into derivative financial instruments as a means to effectively fix the interest rate. As at 30 September 2018, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK\$30.1 million (2017: HK\$33.8 million).

RECENT DEVELOPMENT

On 30 July 2018, the Company submitted a formal application to the Stock Exchange for the Proposed Transfer. Given that (i) the definitive timetable for the Proposed Transfer has yet to be finalised; and (ii) the implementation of the Proposed Transfer is subject to certain conditions, further announcement(s) will be made to keep the shareholders of the Company and prospective investors informed of its progress as and when appropriate.

OUTLOOK

Corporate finance

The Directors will continue to strive to seek more financial advisory and independent financial advisory engagements to balance its revenue from sponsorships in the remaining part of the financial year. The Group also strives to strengthen its marketing initiatives and recruitment to maintain its competitiveness viz a viz other firms in the industry.

The Directors note that the ongoing trade war and rising interest rate environment have affected Hong Kong's stock market sentiment. If it continue to have a prolong effect on market sentiment, the Group's corporate finance deal flows may be affected accordingly. The Directors will continue to closely monitor the market development.

Property investment

The Group's rental performance is expected to be stable. The Directors will continue to look out for attractive investment opportunities albeit at a slower investment pace.

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

As at 30 September 2018, 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	Notes	Number of the shares interested ^(Note 3)	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ip	1	600,000,000 (L) 37,800,000 (S)	75.0 4.7
Mr. Chang Sean Pey (“ Mr. Chang ”)	2	24,900,000 (L)	3.1
Ms. Leung Churk Yin Jeanny (“ Ms. Leung ”)	2	12,900,000 (L)	1.6

Notes:

- (1) KHHL is deemed to be interested in the Company through its wholly-owned subsidiary Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Ip are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL.
- (2) Pursuant to the Option Deeds (as defined in the Prospectus) entered into between KHHL and each of Mr. Chang and Ms. Leung, KHHL granted call options to Mr. Chang and Ms. Leung, entitling them to purchase from KHHL up to 24,900,000 and 12,900,000 option shares (the “**Option Share(s)**”), representing approximately 3.1% and 1.6% of the issued share capital of the Company (without taking into account any shares which may be issued pursuant to the exercise of any options which may be granted under the share option scheme), at the exercise price of HK\$0.00004 per Option Share (subject to adjustment).
- (3) The letters “L” and “S” denote a long position and a short position in the shares of the Company respectively.

Interests in associated corporations of the Company:

Name	Name of associated corporation	Nature of interest	Interests in shares ^(Note 1)	Approximate percentage shareholding (%)
Mr. Ip	KHHL ^(Note 2)	Beneficiary of a trust	204 (L)	80.0
	I Corporation ^(Note 3)	Interest of spouse	14 (L)	20.0
Ms. Leung	Residence Motoki Investment Limited (“ Residence ”)	Beneficial owner	10 (L)	0.33
Mr. Chang	Residence	Beneficial owner	5 (L)	0.17

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 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.
- (3) Pursuant to the SFO, Mr. Ip, the spouse of Ms. Ho Shuk Yee, Samantha (“**Ms. Ho**”), is deemed to be interested in the shares of I Corporation held by Ms. Ho.

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations” above and “Share Option Scheme” below, at no time during 1H FY2019 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

As at 30 September 2018, substantial shareholders (not being the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

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

Name of shareholder	Nature of interest	Number of shares interested ^(Note 1)	Approximate percentage of the total issued share capital of the Company (%)
Flying Castle Limited ^(Note 2)	Beneficial owner	600,000,000 (L) 37,800,000 (S) ^(Note 3)	75.0 4.7
KHHL ^(Note 2)	Interest in a controlled corporation	600,000,000 (L) 37,800,000 (S) ^(Note 3)	75.0 4.7
The Trustee	Trustee	600,000,000 (L) 37,800,000 (S) ^(Note 3)	75.0 4.7
Ms. Chan ^(Note 2)	Founder of a discretionary trust	600,000,000 (L) 37,800,000 (S) ^(Note 3)	75.0 4.7
Mr. Ip ^(Note 2)	Beneficiary of a trust	600,000,000 (L) 37,800,000 (S) ^(Note 3)	75.0 4.7
Ms. Ip ^(Note 2)	Beneficiary of a trust	600,000,000 (L) 37,800,000 (S) ^(Note 3)	75.0 4.7
Ms. Ho ^(Note 4)	Interest of spouse	600,000,000 (L) 37,800,000 (S) ^(Note 3)	75.0 4.7
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.5

Notes:

- (1) The letters “L” and “S” denote a long position and a short position in the shares of the Company respectively.
- (2) KHHL is deemed to be interested in the Company through its wholly-owned subsidiary Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Ip are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL.
- (3) Pursuant to the Option Deeds entered into between KHHL and each of Mr. Chang and Ms. Leung, KHHL granted call options to Mr. Chang and Ms. Leung, entitling them to purchase from KHHL up to 24,900,000 and 12,900,000 Option Shares, representing approximately 3.1% and 1.6% of the issued share capital of our Company (without taking into account of any shares which may be issued pursuant to the exercise of any options which may be granted under the share option scheme), at the exercise price of HK\$0.00004 per Option Share (subject to adjustment).
- (4) Pursuant to the SFO, Ms. Ho, the spouse of Mr. Ip, is deemed to be interested in all the shares of the Company in which Mr. Ip is deemed to be interested in.

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

Name of shareholder	Name of member of our Group	Nature of interest	Number of shares ^(Note)	Percentage of shareholding (%)
Ms. Ho	I Corporation	Beneficial owner	14 (L)	20.0
Mr. Henry Shih	Smart Tact	Beneficial owner	922 (L)	10.0
	Residence	Beneficial owner	600 (L)	10.0
	Lynton	Beneficial owner	1 (L)	10.0
Mr. Richard Lo	Residence	Interest in controlled corporations	600 (L)	10.0
	EXE	Beneficial owner	10 (L)	10.0

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

Save as disclosed above, the Directors and chief executives of the Company are not aware that there is any party who, as at 30 September 2018, had or deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during 1H FY2019 up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, the Group had 32 staff (30 September 2017: 29). The Group's remuneration policy takes into consideration the relevant Director or member of senior management's duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, the Group's profit as a whole and comparable market levels. Apart from salary payment, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") by shareholder resolution passed on 26 September 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. During 1H FY2019 and up to the date of this announcement, no share option was granted by the Company and there was no share option outstanding under the Share Option Scheme as at 30 September 2018.

SHARE AWARDS

On 25 June 2018, the Company entered into the Deeds with two employees of the Group, pursuant to which the Company granted award of a total of 4,800,000 new shares of the Company, credited as fully paid, as an incentive bonus to such employees of the Group. One of the employee is an executive director of a wholly-owned subsidiary of the Group, and is regarded as a connected person at the subsidiary level. The other employee is an independent third party. The connected transaction contemplated under the Deed with the above connected person is subject to reporting, announcement, independent financial advice and shareholders' approval requirements under the GEM Listing Rules. Details are as set out in the circular of the Company dated 20 July 2018.

At the extraordinary general meeting of the Company held on 8 August 2018, the Deeds were approved and a specific mandate to authorise the Directors to allot and issue up to an aggregate of 4,800,000 new shares of the Company in relation to the Share Awards was granted.

On 8 August 2018, all the conditions precedent of the Share Awards have been satisfied, namely (i) the Company has obtained the approval of the Stock Exchange for the listing of, and permission to deal in, up to an aggregate of 4,800,000 new shares of the Company; (ii) the passing of the ordinary resolutions by the shareholders of the Company at the extraordinary general meeting of the Company to, among other things, (aa) approve the Deeds and the transactions contemplated thereunder; and (bb) grant the specific mandate to allot and issue the 4,800,000 new shares of the Company under the Share Awards; and (iii) the grantees of the Share Awards have obtained all necessary consents and approvals that may be required to enable him/her to accept the Share Awards.

CORPORATE GOVERNANCE

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

The Board has reviewed the Group's corporate governance practices and is satisfied that the Group has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rule during 1H FY2019.

DIRECTORS' SECURITIES TRANSACTIONS

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

Have made specific enquiries of all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings in 1H FY2019 to the date of this announcement. The Company has not been notified by Directors of any incident of non-compliance during such period.

COMPETING INTERESTS

As at 30 September 2018, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

On 18 May 2018, the Group had signed a revised banking facilities letter (the “**Facility Letter**”) with a licensed bank. Such licensed bank as lender agreed to make available a revised revolving loan facility in the amount of HK\$47,650,000 to an indirect wholly-owned subsidiary of the Company, Starich Resources Limited.

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

INTEREST OF THE COMPLIANCE ADVISER

As at the date of this announcement, Success New Spring Capital Limited (“**SNSC**”) (formerly known as New Spring Capital Limited), the compliance adviser of the Company, has confirmed that except for (i) SNSC participation as the joint sponsor in relation to the Company’s listing, and (ii) the compliance adviser agreement entered into between the Company and SNSC dated 8 April 2016, neither SNSC nor its directors, employees or associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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 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 C.3.3 of the CG Code, the Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2018 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 announcement, 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

Hong Kong, 9 November 2018

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