

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

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2018**

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

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FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (the “**Group**”) recorded an unaudited revenue of approximately HK\$58.5 million for the nine months ended 31 December 2018 (“**YTD Dec 2018**”), representing an increase of approximately 11.9% when compared with approximately HK\$52.3 million for the nine months ended 31 December 2017 (“**YTD Dec 2017**”).
- The Group recorded a net profit of approximately HK\$19.3 million in YTD Dec 2018 compared with a net profit of approximately HK\$9.2 million in YTD Dec 2017.

Based on the Group’s unaudited financial information for YTD Dec 2018 and YTD Dec 2017, the improvement in profitability in YTD Dec 2018 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 YTD Dec 2018.

- The basic and diluted earnings per share in YTD Dec 2018 was HK2.34 cents and the basic and diluted earnings per share in YTD Dec 2017 was HK1.10 cents.
- The Directors do not recommend the payment of any interim dividend for 3Q FY2019.

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 December 2018 (“**3Q FY2019**”) and YTD Dec 2018, together with the comparative unaudited figures for the three months ended 31 December 2017 (“**3Q FY2018**”) and YTD Dec 2017, as follows:

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ACCOUNT FOR YTD DEC 2018 AND YTD DEC 2017

		3Q FY2019	3Q FY2018	YTD	YTD
		(Unaudited)	(Unaudited)	Dec 2018	Dec 2017
	<i>Notes</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	20,671	21,011	58,541	52,307
Other income	5	34	277	124	1,723
Net increase in fair value of investment properties		–	–	9,000	–
Changes in fair value of derivative financial liabilities		(38)	37	17	(374)
Property expenses		(2,961)	(2,582)	(8,369)	(8,198)
Administrative and operating expenses		(8,971)	(9,115)	(32,043)	(28,305)
Share of results of associates		–	(165)	19	(522)
Finance costs	6	(1,361)	(1,481)	(4,194)	(3,940)
Profit before tax		7,374	7,982	23,095	12,691
Income tax expense	7	(1,318)	(1,830)	(3,755)	(3,480)
Profit for the period	8	<u>6,056</u>	<u>6,152</u>	<u>19,340</u>	<u>9,211</u>
Profit for the period attributable to:					
Owners of the Company		5,797	5,874	18,705	8,623
Non-controlling interests		<u>259</u>	<u>278</u>	<u>635</u>	<u>588</u>
		<u>6,056</u>	<u>6,152</u>	<u>19,340</u>	<u>9,211</u>
		HK cents	HK cents	HK cents	HK cents
Earnings per share					
– Basic	10	<u>0.72</u>	<u>0.73</u>	<u>2.34</u>	<u>1.10</u>
– Diluted	10	<u>0.72</u>	<u>0.73</u>	<u>2.34</u>	<u>1.10</u>

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR YTD DEC 2018 AND YTD DEC 2017

			YTD	YTD
	3Q FY2019	3Q FY2018	Dec 2018	Dec 2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the period	6,056	6,152	19,340	9,211
Other comprehensive (expense) income for the period				
Change in fair value of available-for- sale investments	–	(17)	(120)	(75)
Loss on derecognition of available- for-sale investment	–	–	–	(28)
Exchange differences arising on translation of foreign operations	11,696	35	(13,636)	(256)
Share of translation reserve of associates	(1)	(23)	(1)	538
Other comprehensive income (expense) for the period	11,695	(5)	(13,757)	179
Total comprehensive income for the period	<u>17,751</u>	<u>6,147</u>	<u>5,583</u>	<u>9,390</u>
Total comprehensive income for the period attributable to:				
Owners of the Company	17,122	5,832	5,331	8,785
Non-controlling interests	<u>629</u>	<u>315</u>	<u>252</u>	<u>605</u>
	<u>17,751</u>	<u>6,147</u>	<u>5,583</u>	<u>9,390</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR YTD DEC 2018

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Investment revaluation reserve	Shareholder contribution	Share awards reserve	Exchange reserve	Retained profits	Total		
	(note (i))	(note (ii))									
	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 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	-	-	-	-	-	-	-	18,705	18,705	635	19,340
Other comprehensive expense for the period:											
Change in fair value of available-for-sale investments	-	-	-	(120)	-	-	-	-	(120)	-	(120)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(13,253)	-	(13,253)	(383)	(13,636)
Share of translation reserves of associates	-	-	-	-	-	-	(1)	-	(1)	-	(1)
	-	-	-	(120)	-	-	(13,254)	-	(13,374)	(383)	(13,757)
Total comprehensive (expense) income for the period	-	-	-	(120)	-	-	(13,254)	18,705	5,331	252	5,583
Contribution from shareholder (note (iii))	-	-	-	-	1,337	-	-	-	1,337	-	1,337
Acquisition of addition interest in a subsidiary	-	-	-	-	-	-	-	-	-	(1,220)	(1,220)
Vesting of employee share awards	-	-	-	-	-	197	-	-	197	-	197
Dividends paid (note 9)	-	-	-	-	-	-	-	(3,600)	(3,600)	(231)	(3,831)
At 31 December 2018 (unaudited)	8,000	71,288	98,812	121	10,345	197	(14,346)	266,533	440,950	13,124	454,074

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR YTD DEC 2017

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Investment revaluation reserve	Shareholder contribution	Share awards reserve	Exchange reserve	Retained profits	Total		
	(note(i))	(note(ii))									
	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 2017 (audited)	8,000	71,288	98,747	424	5,289	–	(22,034)	228,332	390,046	8,673	398,719
Profit for the period	–	–	–	–	–	–	–	8,623	8,623	588	9,211
Other comprehensive (expense) income for the period:											
Change in fair value of available-for-sale investments	–	–	–	(75)	–	–	–	–	(75)	–	(75)
Derecognition of available-for-sale investments	–	–	–	(28)	–	–	–	–	(28)	–	(28)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(273)	–	(273)	17	(256)
Share of translation reserves of associates	–	–	–	–	–	–	538	–	538	–	538
	–	–	–	(103)	–	–	265	–	162	17	179
Total comprehensive (expense) income for the period	–	–	–	(103)	–	–	265	8,623	8,785	605	9,390
Contribution from shareholder (note(iii))	–	–	–	–	2,789	–	–	–	2,789	–	2,789
Acquisition of addition interest in a subsidiary	–	–	85	–	–	–	–	–	85	(1,427)	(1,342)
Disposal of interest in a subsidiary	–	–	(20)	–	–	–	–	–	(20)	5,479	5,459
Dividends paid (note 9)	–	–	–	–	–	–	–	(3,200)	(3,200)	(131)	(3,331)
At 31 December 2017 (unaudited)	8,000	71,288	98,812	321	8,078	–	(21,769)	233,755	398,485	13,199	411,684

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").

1. GENERAL

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

The Company is engaged in investment holding and 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 YTD Dec 2018 (the "**Unaudited Condensed Consolidated Financial Statements**") are unaudited, but have been reviewed by the Audit Committee of the Company. The Unaudited Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 12 February 2019.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL INFORMATION

The Unaudited Condensed Consolidated Financial Statements 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. The Unaudited Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial information for the year ended 31 March 2018 (the "**2018 Financial Information**"). The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the HKICPA. The Unaudited Condensed Consolidated 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 April 2018.

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

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

(i) Adoption of New or Revised HKFRSs

Adoption of new or revised HKFRSs effective on 1 April 2018

In YTD Dec 2018, the Group has applied, for the first time, the following new standards, amendments and interpretation to HKFRSs issued by the HKICPA.

HKFRS 9 (2014)	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle ¹
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 15	Clarification to HKFRS 15 ¹
Amendments to HKAS 40	Transfers of Investment Property ¹
HK (IFRIC) – Int 22	Foreign Currency Transaction and Advance Consideration ¹

¹ *Effective for the annual period beginning on or after 1 January 2018*

The application of the above new or revised standards, amendments and interpretations in YTD Dec 2018 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 derived from service rendered and leasing of investment properties during the period as follows:

	3Q FY2019 (Unaudited) HK\$'000	3Q FY2018 (Unaudited) HK\$'000	YTD Dec 2018 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000
Corporate finance services	11,604	12,007	31,158	27,208
Property investment (<i>Note</i>)	9,067	9,004	27,383	25,099
	20,671	21,011	58,541	52,307

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

	3Q FY2019 (Unaudited) HK\$'000	3Q FY2018 (Unaudited) HK\$'000	YTD Dec 2018 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000
Gross rental income from investment properties	<u>9,067</u>	<u>9,004</u>	<u>27,383</u>	<u>25,099</u>
Direct operating expenses incurred for investment properties that generated rental income during the period (included in property expenses)	<u>(2,961)</u>	<u>(2,582)</u>	<u>(8,369)</u>	<u>(8,198)</u>
Net rental income	<u>6,106</u>	<u>6,422</u>	<u>19,014</u>	<u>16,901</u>

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.

	3Q FY2019			3Q FY2018		
	Corporate finance services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Corporate finance services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
REVENUE						
External revenue and segment revenue	<u>11,604</u>	<u>9,067</u>	<u>20,671</u>	<u>12,007</u>	<u>9,004</u>	<u>21,011</u>
RESULT						
Segment profit (<i>Note</i>)	<u>7,575</u>	<u>4,882</u>	<u>12,457</u>	<u>7,208</u>	<u>5,239</u>	12,447
Other income and expenses, net			(4,504)			(3,661)
Share of results of associates			-			(165)
Finance costs			<u>(579)</u>			<u>(639)</u>
Profit before tax			<u>7,374</u>			<u>7,982</u>
	YTD Dec 2018			YTD Dec 2017		
	Corporate finance services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Corporate finance services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
REVENUE						
External revenue and segment revenue	<u>31,158</u>	<u>27,383</u>	<u>58,541</u>	<u>27,208</u>	<u>25,099</u>	<u>52,307</u>
RESULT						
Segment profit (<i>Note</i>)	<u>18,191</u>	<u>24,438</u>	<u>42,629</u>	<u>13,216</u>	<u>13,548</u>	26,764
Other income and expenses, net			(17,806)			(11,875)
Share of results of associates			19			(522)
Finance costs			<u>(1,747)</u>			<u>(1,676)</u>
Profit before tax			<u>23,095</u>			<u>12,691</u>

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 YTD Dec 2018 (YTD Dec 2017: 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.

Revenue from major services

An analysis of the Group's revenue by each category is as follows:

	3Q FY2019 (Unaudited) HK\$'000	3Q FY2018 (Unaudited) HK\$'000	YTD Dec 2018 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000
Sponsorship services	9,484	8,747	23,520	18,417
Financial advisory services	1,133	2,429	4,776	6,377
Compliance advisory services	909	722	2,437	2,294
Others corporate finance services	78	109	425	120
	11,604	12,007	31,158	27,208
Rental income	9,067	9,004	27,383	25,099
	20,671	21,011	58,541	52,307

5. OTHER INCOME

	3Q FY2019 (Unaudited) HK\$'000	3Q FY2018 (Unaudited) HK\$'000	YTD Dec 2018 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000
Dividend income from available-for-sale investments	34	–	111	265
Bank interest income	–	1	13	28
Loss on disposal of available-for-sale investments	–	–	–	(182)
Unrealised fair value change in fair value through profit or loss investment	–	30	–	(9)
Gain on disposal of fair value through profit or loss investment	–	–	–	20
Administrative fee income	–	246	–	1,601
	34	277	124	1,723

6. FINANCE COSTS

	3Q FY2019 (Unaudited) <i>HK\$'000</i>	3Q FY2018 (Unaudited) <i>HK\$'000</i>	YTD Dec 2018 (Unaudited) <i>HK\$'000</i>	YTD Dec 2017 (Unaudited) <i>HK\$'000</i>
Interests on secured bank borrowings	<u>1,361</u>	<u>1,481</u>	<u>4,194</u>	<u>3,940</u>

7. INCOME TAX EXPENSE

	3Q FY2019 (Unaudited) <i>HK\$'000</i>	3Q FY2018 (Unaudited) <i>HK\$'000</i>	YTD Dec 2018 (Unaudited) <i>HK\$'000</i>	YTD Dec 2017 (Unaudited) <i>HK\$'000</i>
Current tax:				
Hong Kong Profits Tax	409	852	813	986
Japanese Corporate Income Tax	(15)	36	71	191
Japanese Withholding Tax	<u>491</u>	<u>603</u>	<u>1,561</u>	<u>1,378</u>
	885	1,491	2,445	2,555
Deferred taxation	<u>433</u>	<u>339</u>	<u>1,310</u>	<u>925</u>
	<u>1,318</u>	<u>1,830</u>	<u>3,755</u>	<u>3,480</u>

During YTD Dec 2018, Hong Kong Profits Tax was calculated at 8.25% (YTD Dec 2017: 16.5%) of the first HK\$2.0 million and 16.5% (YTD Dec 2017: 16.5%) of the remaining estimated assessable profits.

Under the Japan Corporate Income Tax Law, Japanese Corporate Income Tax is calculated at 33.8% of the estimated assessable profits for both YTD Dec 2018 and YTD Dec 2017. However, regarding to the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for YTD Dec 2018 and YTD Dec 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.

8. PROFIT FOR THE PERIOD

	3Q FY2019 (Unaudited) HK\$'000	3Q FY2018 (Unaudited) HK\$'000	YTD Dec 2018 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000
Profit for the period has been arrived at after charging:				
– Salaries, bonus and other benefits	3,445	2,604	10,989	9,035
– Contributions to retirement benefits schemes	124	110	346	293
Total staff costs, excluding Directors' emoluments	3,569	2,714	11,335	9,328
Directors' emoluments	1,869	2,705	6,498	7,087
Auditors' remuneration	238	225	713	675
Depreciation of property, plant and equipment	327	329	994	977
Share based payments	569	929	1,534	2,789
Expenses related to the Proposed Transfer	28	–	1,819	–
Impairment loss (reversal of) impairment loss on trade receivables	18	–	18	(3)
Net exchange (gain) loss	(254)	5	369	360

9. DIVIDENDS

	YTD Dec 2018 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000
Dividends recognised as distribution to non-controlling interests during the period by:		
<u>Smart Tact Property Investment Limited (“Smart Tact”)</u>		
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
<u>I Corporation</u>		
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
<u>EXE Rise Shimodori Investor Limited (“EXE”)</u>		
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
<u>Lynton Gate Limited (“Lynton”)</u>		
2018 interim, paid – JPY1,601,561 per share (equivalent to HK\$113,230 per share)	113	–
	231	131

The Directors do not recommend the payment of any interim dividend for 3Q FY2019 (3Q FY2018: nil).

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:

	3Q FY2019 (Unaudited) HK\$'000	3Q FY2018 (Unaudited) HK\$'000	YTD Dec 2018 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000
Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u><u>5,797</u></u>	<u><u>5,874</u></u>	<u><u>18,705</u></u>	<u><u>8,623</u></u>
	31 December 2018 '000	31 December 2017 '000	31 December 2018 '000	31 December 2017 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><u>800,000</u></u>	<u><u>800,000</u></u>	<u><u>800,000</u></u>	<u><u>800,000</u></u>

(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:

	3Q FY2019 (Unaudited) HK\$'000	3Q FY2018 (Unaudited) HK\$'000	YTD Dec 2018 (Unaudited) HK\$'000	YTD Dec 2017 (Unaudited) HK\$'000
Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u><u>5,797</u></u>	<u><u>5,874</u></u>	<u><u>18,705</u></u>	<u><u>8,623</u></u>

	31 December 2018 '000	31 December 2017 '000	31 December 2018 '000	31 December 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 (as defined below)	564	–	564	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>800,564</u>	<u>800,000</u>	<u>800,564</u>	<u>800,000</u>

11. SHARE AWARDS

On 25 June 2018, the Company entered into the deeds of grant (the “**Deeds**”) with two employees of the Group, pursuant to which the Company granted award of a total of 4,800,000 new shares 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\$0.2 million during YTD Dec 2018 (YTD Dec 2017: nil). As at 31 December 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.

12. CAPITAL COMMITMENTS

	At 31 December	At 31 March
	2018	2018
	(Unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure in respect of construction of investment properties contracted but not provided for in the Unaudited Condensed Consolidated Financial Statements	<u>692</u>	<u>602</u>

MANAGEMENT DISCUSSION AND ANALYSIS

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

Business Review

For 3Q FY2019, the Group recorded an unaudited revenue of approximately HK\$20.7 million, representing a slight decrease of approximately 1.6% as compared with 3Q FY2018. Corporate finance services contributed approximately 56.1% of the Group's revenue in 3Q FY2019, while the remaining portion of revenue was derived from property investment.

Corporate finance

Revenue from corporate finance services of the Group decreased slightly by approximately 3.3% from approximately HK\$12.0 million in 3Q FY2018 to approximately HK\$11.6 million in 3Q FY2019. This was mainly attributable to the decrease in revenue generated from financial advisory services from approximately HK\$2.4 million in 3Q FY2018 to approximately HK\$1.1 million in 3Q FY2019 as there had been fewer transactions and a prolonged period of milestone achievements; which was partially offset by the increase in the revenue generated from the provision of sponsorship services from approximately HK\$8.7 million to approximately HK\$9.5 million over the same period.

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

Property investment

During 3Q FY2019, the Group's property investment portfolio consisted of 22 buildings and a piece of freehold land in Japan and one commercial unit in Hong Kong ("**Property(ies)**") (3Q FY2018: 21 buildings and a piece of freehold land in Japan and one commercial unit in Hong Kong).

The Property in Hong Kong was fully occupied during 3Q FY2019 and 3Q FY2018, while the occupancy rate for the portfolio in Japan remained stable at approximately 96.0% during 3Q FY2019 (3Q FY2018: approximately 95.9%). Revenue from property investment increased slightly by approximately 0.7% in 3Q FY2019, amounted to approximately HK\$9.1 million (3Q FY2018: approximately HK\$9.0 million).

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.

In November 2018, a fire accident occurred in City Court Sugunami, an investment property located in Hokkaido prefecture, Japan. Based on assessment of the local property manager, the incident has not caused major damages to the structure of the building. The damages and loss of income are, to a large extent, covered by fire insurance. Consequently, the incident has no material adverse effect on the Group’s result of operation even though tenants of several units at the affected floor have moved out of the property giving rise to higher vacancy.

Net profit for the period

The Group recorded a net profit of approximately HK\$6.1 million in 3Q FY2019 as compared with a net profit of approximately HK\$6.2 million in 3Q FY2018.

Capital commitments/Contingent liabilities

As at 31 December 2018, the Group had capital commitments of approximately HK\$0.7 million in respect of the construction of its investment property located in Hokkaido prefecture in Japan next to another existing investment property, namely Kitano Machikado GH, that had been contracted but not provided for in the Unaudited Condensed Consolidated Financial Statements (as at 31 March 2018: approximately HK\$0.6 million in respect of the construction of its investment property located in Hokkaido prefecture in Japan, namely Shiroro House). Save as disclosed elsewhere, the Group did not have any significant contingent liabilities as at 31 December 2018 (as at 31 March 2018: nil).

RECENT DEVELOPMENT

On 30 July 2018, the Company submitted a formal application to the Stock Exchange for the Proposed Transfer. As six months has lapsed on 30 January 2019 since the first submission for the transfer application, the Company is preparing its renewal of 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 shareholders of the Company and prospective investors informed of its progress as and when appropriate.

OUTLOOK

Corporate finance

While the Group has recorded higher revenue during YTD Dec 2018 compared with YTD Dec 2017 due to higher contributions from sponsorship services, the Director has observed that the Hong Kong stock market (including IPO market) has turned sluggish amidst the ongoing Sino-US trade dispute and a rising interest rate environment. As a result, the progress of some of the Group's sponsorship engagements have been affected. These will cause uncertainties to the achievement of billing milestones and in turn the Group's revenue from corporate finance services.

In view of the current stock market and economic condition, 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 in the industry.

Given the above uncertainties, 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.

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

As at 31 December 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 Future 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 shares interested ^(Note 3)	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ip	1	575,052,000 (L)	71.9
		12,852,000 (S)	1.6
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 of the Company dated 30 September 2016) 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). During 3Q FY2019, Mr. Chang and Ms. Leung exercised 16,434,000 and 8,514,000 Option Shares respectively. As at 31 December 2018, the remaining 8,514,000 and 4,386,000 granted Option Shares to Mr. Chang and Ms. Leung respectively were unvested. According to the Option Deeds, such Option Shares will be vested 36 months after the date of listing of the Company.*
- (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	20 (L)	0.33
Mr. Chang	Residence	Beneficial owner	10 (L)	0.17

Notes:

- (1) *The letter “L” denotes a long position in the shares of 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 31 December 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 YTD Dec 2018 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 31 December 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) Interests 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	575,052,000 (L)	71.9
		12,852,000 (S) ^(Note 3)	1.6
KHHL ^(Note 2)	Interest in a controlled corporation	575,052,000 (L)	71.9
		12,852,000 (S) ^(Note 3)	1.6
The Trustee	Trustee	575,052,000 (L)	71.9
		12,852,000 (S) ^(Note 3)	1.6
Ms. Chan ^(Note 2)	Founder of a discretionary trust	575,052,000 (L)	71.9
		12,852,000 (S) ^(Note 3)	1.6
Mr. Ip ^(Note 2)	Beneficiary of a trust	575,052,000 (L)	71.9
		12,852,000 (S) ^(Note 3)	1.6
Ms. Ip ^(Note 2)	Beneficiary of a trust	575,052,000 (L)	71.9
		12,852,000 (S) ^(Note 3)	1.6
Ms. Ho ^(Note 4)	Interest of spouse	575,052,000 (L)	71.9
		12,852,000 (S) ^(Note 3)	1.6
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) KHHH is deemed to be interested in the Company through its wholly-owned subsidiary Flying Castle Limited. KHHH 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 KHHH.
- (3) Pursuant to the Option Deeds entered into between KHHH and each of Mr. Chang and Ms. Leung, KHHH granted call options to Mr. Chang and Ms. Leung, entitling them to purchase from KHHH 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). During 3Q FY2019, Mr. Chang and Ms. Leung exercised 16,434,000 and 8,514,000 Option Shares respectively. As at 31 December 2018, the remaining 8,514,000 and 4,386,000 granted Option Shares to Mr. Chang and Ms. Leung respectively were unvested. According to the Option Deeds, such Option Shares will be vested 36 months after the date of listing of the Company.
- (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 31 December 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, the Company has maintained the public float as required under GEM Listing Rules during YTD Dec 2018 and up to the date of this announcement.

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 shares of the Company in YTD Dec 2018 up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Group had 33 staff (31 December 2017: 34) in total. 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 contribution, medical insurance coverage, other allowances and benefits.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) by shareholder resolution passed on 26 September 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. During YTD Dec 2018 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 31 December 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. Details were 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.

CORPORATE GOVERNANCE

Pursuant to the 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 YTD Dec 2018.

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 YTD Dec 2018 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 31 December 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 to the disclosure requirement under GEM Listing Rules and SFO, should be maintained at 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 nine months ended 31 December 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, 12 February 2019

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>.