ALTUS

ALTUS HOLDINGS LIMITED
浩德控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8149)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2019 ("**FY2019**"), together with the audited comparative figures for the year ended 31 March 2018 ("**FY2018**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 March 2018 and 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	*4*	**77,655**	70,961
Other income	*6*	**132**	3,048
Net increase in fair value of investment properties		**19,439**	12,707
Changes in fair value of derivative financial liabilities		**(596)**	(302)
Impairment loss on available-for-sale investments		**–**	(182)
Property expenses		**(11,711)**	(11,162)
Administrative and operating expenses		**(42,298)**	(36,454)
Share of results of associates		**19**	(568)
Finance costs	*7*	**(5,886)**	(5,493)
Profit before tax		**36,754**	32,555
Income tax expense	*8*	**(6,065)**	(5,690)
Profit for the year	*9*	**30,689**	26,865
Other comprehensive (expense) income for the year			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale investments		**–**	(183)
Exchange differences arising on translating of foreign operations		**(15,695)**	20,934
Share of translation reserve of associates		**–**	732
Release of translation reserve upon liquidation of associates		**(1)**	–
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**332**	–
Other comprehensive (expense) income for the year		**(15,364)**	21,483
Total comprehensive income for the year		**15,325**	48,348

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the years ended 31 March 2018 and 2019

		2019	2018
		HK$'000	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**29,746**	26,295
Non-controlling interests		**943**	570
		30,689	26,865
Total comprehensive income for the year attributable to:			
Owners of the Company		**14,443**	47,054
Non-controlling interests		**882**	1,294
		15,325	48,348
		HK cents	*HK cents*
Earnings per share			
– Basic	*11*	**3.72**	3.29
– Diluted	*11*	**3.70**	3.29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018 and 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**42,600**	43,855
Investment properties and investment property under construction		**600,442**	597,660
Interests in associates		**–**	2,945
Financial assets at fair value through other comprehensive income	*13B*	**4,049**	–
Available-for-sale investments	*13A*	**–**	4,395
Club memberships		**1,718**	–
Prepayment	*14*	**50**	111
		648,859	648,966
Current assets			
Trade and other receivables	*14*	**7,430**	6,212
Deposits placed in financial institution		**929**	602
Bank balances and cash		**38,281**	51,056
		46,640	57,870
Current liabilities			
Trade and other payables	*15*	**10,758**	12,283
Tax payable		**3,226**	4,005
Secured bank borrowings		**56,023**	74,770
		70,007	91,058
Net current liabilities		**(23,367)**	(33,188)
Total assets less current liabilities		**625,492**	615,778
Non-current liabilities			
Secured bank borrowings		**133,824**	137,344
Derivative financial instruments		**1,089**	836
Other payables – tenant deposits – over 1 year	*15*	**2,110**	2,324
Deferred tax liabilities		**25,430**	23,266
		162,453	163,770
		463,039	452,008
Capital and reserves	*16*		
Share capital		**8,000**	8,000
Reserves		**442,683**	429,685
Equity attributable to owners of the Company		**450,683**	437,685
Non-controlling interests		**12,356**	14,323
		463,039	452,008

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company										
	Share capital	Share premium (*note i*)	Other reserve (*note ii*)	Investment revaluation reserve	Shareholder contribution (*note iii*)	Share awards reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2018 (as originally stated)	8,000	71,288	98,812	241	9,008	–	(1,092)	251,428	437,685	14,323	452,008
Effect of changes in accounting policies (*note 3*)	–	–	–	54	–	–	–	–	54	–	54
At 1 April 2018 (as restated)	8,000	71,288	98,812	295	9,008	–	(1,092)	251,428	437,739	14,323	452,062
Profit for the year	–	–	–	–	–	–	–	29,746	29,746	943	30,689
Other comprehensive income (expense) for the year:											
– Change in fair value of financial assets at fair value through other comprehensive income (*note 13*)	–	–	–	332	–	–	–	–	332	–	332
– Exchange differences arising on translating of foreign operations	–	–	–	–	–	–	(15,634)	–	(15,634)	(61)	(15,695)
– Release of translation reserve upon liquidation of associates	–	–	–	–	–	–	(1)	–	(1)	–	(1)
	–	–	–	332	–	–	(15,635)	–	(15,303)	(61)	(15,364)
Total comprehensive income (expense) for the year	–	–	–	332	–	–	(15,635)	29,746	14,443	882	15,325
Contribution from shareholder	–	–	–	–	1,782	–	–	–	1,782	–	1,782
Share based payments (*note 12*)	–	–	–	–	–	319	–	–	319	–	319
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	(1,220)	(1,220)
Dividend paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	–	–	(500)	(500)
Return of capital to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(1,129)	(1,129)
Dividends paid (*note 10*)	–	–	–	–	–	–	–	(3,600)	(3,600)	–	(3,600)
At 31 March 2019	8,000	71,288	98,812	627	10,790	319	(16,727)	277,574	450,683	12,356	463,039

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2018

	Attributable to owners of the Company									
	Share capital	Share premium *(note i)*	Other reserve *(note ii)*	Investment revaluation reserve	Shareholder contribution *(note iii)*	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	8,000	71,288	98,747	424	5,289	(22,034)	228,333	390,047	8,672	398,719
Profit for the year	–	–	–	–	–	–	26,295	26,295	570	26,865
Other comprehensive income (expense) for the year:										
Change in fair value of available-for-sale investments *(note 13)*	–	–	–	(183)	–	–	–	(183)	–	(183)
Exchange differences arising on translating of foreign operations	–	–	–	–	–	20,210	–	20,210	724	20,934
Share of translation reserve of associates	–	–	–	–	–	732	–	732	–	732
	–	–	–	(183)	–	20,942	–	20,759	724	21,483
Total comprehensive (expense) income for the year	–	–	–	(183)	–	20,942	26,295	47,054	1,294	48,348
Contribution from shareholder	–	–	–	–	3,719	–	–	3,719	–	3,719
Acquisition of additional interest in a subsidiary	–	–	85	–	–	–	–	85	(1,427)	(1,342)
Contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	280	280
Disposal of partial interest in a subsidiary without losing control	–	–	(20)	–	–	–	–	(20)	5,833	5,813
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	–	(329)	(329)
Dividends paid *(note 10)*	–	–	–	–	–	–	(3,200)	(3,200)	–	(3,200)
At 31 March 2018	8,000	71,288	98,812	241	9,008	(1,092)	251,428	437,685	14,323	452,008

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**").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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 investments. 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 and Landmark Trust Switzerland SA, which the beneficiaries of the trust are Mr. Arnold Ip Tin Chee and Ms. Lam Ip Tin Wai Chyvette.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going Concern

Notwithstanding that the Group has incurred net current liabilities of approximately HK$23.4 million as at 31 March 2019, the consolidated financial statements as at 31 March 2019 have been prepared on a going concern basis as the Directors are satisfied that the liquidity of the Group can be maintained in the coming year after taking into consideration of:

i) As at 31 March 2019, the Group has unutilised available banking facilities of approximately HK$57.5 million;

ii) The bank borrowings of HK$20 million with the repayment on demand clause which are not repayable within one year from the end of the reporting period according to the repayment schedule were classified as current liabilities in accordance with Hong Kong IFRS Interpretations Committee (the "**IFRIC**") – Interpretation 5 – Presentation of Financial Statement – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Such bank borrowings were pledged against the investment property at fair value of HK$86.7 million owned by the Group as at 31 March 2019, hence, its repayment is expected to be fully recovered through the realisation of this asset by sale should the repayment on demand clause be exercised.

Accordingly, the Directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2019. The Directors are satisfied that it is appropriate to prepare these financial statements on a going concern basis. The consolidated financial statements as at 31 March 2019 do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

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

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("**HKAS(s)**"), amendments and interpretations ("**Int(s)**"), issued by the HKICPA.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 April 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue.

The Directors have assessed each type of the performance obligations and consider that the revenue recognition policies under HKAS 18 Revenue are similar to the newly adopted HKFRS 15 Revenue from Contracts with Customers.

The impact of transition to HKFRS 15 was insignificant on the retained earnings as well as the consolidated statement of financial position at 1 April 2018.

As at 1 April 2018, the advances received of approximately HK$0.7 million previously included in trade and other payables will remain in the same item.

As such, the Directors considered that there is no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The adoption of HKFRS 15 did not have material impact on the Group's operating, investing and financing cash flows.

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 April 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained earnings and other components of equity as at 1 April 2018.

Classification and measurement of financial instruments

The Directors reviewed and assessed the Group's existing financial assets and liabilities as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of HKFRS 9 has had the following impact on the Group's financial assets and liabilities as regards their classification and measurement:

(a) *Listed equity investments previously classified as available-for-sale ("**AFS**") investments carried at fair value:*

The Group had elected to present in other comprehensive income for the fair value changes in respect of the Group's equity instruments amounting to approximately HK$2.7 million as they are held for long-term strategic purpose, and reclassified them to financial assets at fair value through other comprehensive income ("**FVTOCI**"). On initial application of HKFRS 9, the fair value gains and losses of these equity investments continue to be recognised in the investments revaluation reserve but they will not be reclassified to profit or loss when they are derecognised.

(b) *Unlisted investments previously classified as AFS investment carried at cost less impairment:*

The Group had elected to present in other comprehensive income for the fair value changes in respect of certain of the Group's unlisted equity instruments amounting to approximately HK$0.1 million as at 31 March 2018 as they are held for medium or long term strategic purpose, and reclassified them to financial assets at FVTOCI upon initial application of HKFRS 9. The Group measures them at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investment revaluation reserve, which will not be reclassified to profit or loss when they are derecognised. Accordingly, the difference between the previous carrying amount and the fair value related to the investments amounting to approximately HK$0.05 million was adjusted to investment revaluation reserve as at 1 April 2018 upon initial application of HKFRS 9.

For the remaining balance represented club memberships carried at cost less impairment amounting to approximately HK$1.5 million, the Group has continued to state at cost less impairment included in the "Club memberships" in the consolidated statement of financial position.

Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking ECL model. As at 1 April 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

It is concluded that, as at 1 April 2018, no additional credit loss allowance on trade receivables and other receivables has been recognised against retained earnings as the estimated allowance under the ECL model were not significantly different to the impairment losses previously recognised under HKAS 39.

Summary of effects arising from initial application of HKFRS 9

The table below summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets and reconciles the carrying amounts of financial assets and financial liabilities under HKAS 39 to the carrying amounts under HKFRS 9 on 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amount at 31 March 2018 (HKAS 39) *HK$'000*	Adoption of HKFRS 9 – Reclassification *HK$'000*	Adoption of HKFRS 9 – Remeasurement *HK$'000*	Carrying amount at 1 April 2018 (HKFRS 9)* *HK$'000*
Financial assets				
Loan and receivable				
– Trade and other receivables	6,212	(6,212)	–	–
– Bank balances and cash	51,056	(51,056)	–	–
– Deposits placed in financial institution	602	(602)	–	–
– Available-for-sale investments	4,395	(4,395)	–	–
– At amortised cost				
– Trade and other receivables	–	6,212	–	6,212
– Bank balances and cash	–	51,056	–	51,056
– Deposits placed in financial institution	–	602	–	602
Financial assets at FVTOCI				
– Unlisted equity investments	–	139	54	193
– Listed equity investments	–	2,737	–	2,737
Club memberships	–	1,519	–	1,519

* The amounts in this column are before the adjustments from application of HKFRS 15.

All the financial liabilities have not been impacted by the application of HKFRS 9 and continue to be classified and measured on the same basis as they were under HKAS 39.

The table below summarises the impact of transition to HKFRS 9 on retained earnings at 1 April 2018.

	Investment revaluation reserve *HK$'000*
Balance at 31 March 2018 as originally stated	241
Fair value remeasurement on financial assets at FVTOCI upon initial application	54
Balance at 1 April 2018 as restated	295

There were no financial assets or financial liabilities which the Group had previously designated as at fair value through profit or loss ("**FVTPL**") under HKAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of HKFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of HKFRS 9.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

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

2 Effective for annual periods beginning on or after 1 January 2020.

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

4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

5 Effective for annual periods beginning on or after a date to be determined.

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

HKFRS 16 Leases

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

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

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

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

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

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases, The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of the initial application as an adjustment to the opening balance of equity as at 1 April 2019 and will not restate the comparative information. As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$0.3 million. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material.

4. REVENUE

Revenue represents revenue arising from provision of services and leasing of investment properties during the year as follows:

	2019	2018*
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15 for the year ended 31 March 2019		
Disaggregated by the major services line:		
Corporate finance services income	**40,885**	36,476
Revenue from other source:		
Rental income from investment properties *(note)*	**36,770**	34,485
	77,655	70,961

All the revenue generated during the year ended 31 March 2019 are recognised over time.

* The amounts for the year ended 31 March 2018 were recognised under HKAS 18.

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

	2019	2018
	HK$'000	*HK$'000*
Gross rental income from investment properties	**36,770**	34,485
Direct operating expenses incurred for investment properties that generated rental income during the year (included in property expenses)	**(11,711)**	(11,162)
Net rental income	**25,059**	23,323

Transaction price allocated to the remaining performance obligations

As at 31 March 2019, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK$12.9 million. The amount represents revenue expected to be recognised in the future from mandate. The Group will recongise this revenue as the service is completed. As evaluated by the management, revenue of approximately HK$11.8 million and HK$1.1 million are expected to be recognised within 1 year and after 1 year respectively.

5. SEGMENT INFORMATION

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

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

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

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

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

Year ended 31 March 2019

	Corporate finance services *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*
REVENUE			
External revenue and segment revenue	**40,885**	**36,770**	**77,655**
RESULT			
Segment profit	**21,800**	**39,209**	**61,009**
Other income and expenses, net			**(21,996)**
Share of results of associates			**19**
Finance costs			**(2,278)**
Profit before tax			**36,754**

Year ended 31 March 2018

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

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

Segment assets and liabilities

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

Segment assets

	2019	2018
	HK$'000	*HK$'000*
Corporate finance services	**5,669**	4,266
Property investment	**601,973**	599,386
Total segment assets	**607,642**	603,652
Unallocated	**87,857**	103,184
Total assets	**695,499**	706,836

Segment liabilities

	2019	2018
	HK$'000	*HK$'000*
Corporate finance services	**230**	215
Property investment	**155,689**	160,037
Total segment liabilities	**155,919**	160,252
Unallocated	**76,541**	94,576
Total liabilities	**232,460**	254,828

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, AFS investments, financial assets at FVTOCI, club memberships, certain other receivables, interests in associates, deposits placed in financial institution, bank balances and cash and other corporate assets; and

- all liabilities are allocated to operating segments other than certain other payables, tax payable, 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:

	2019 HK$'000	2018 HK$'000
Sponsorship services	**30,138**	24,955
Financial advisory services	**6,727**	8,026
Compliance advisory services	**3,516**	3,275
Other corporate finance services	**504**	220
	40,885	36,476
Rental income	**36,770**	34,485
	77,655	70,961

Geographic information

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

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets, excluding AFS investments, financial assets at FVTOCI, club memberships and prepayment, is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2019 *HK$'000*	2018 *HK$'000*	**2019** *HK$'000*	2018 *HK$'000*
Hong Kong	**42,820**	38,268	**129,300**	117,353
Japan	**34,835**	32,693	**513,742**	527,107
	77,655	70,961	**643,042**	644,460

During the years ended 31 March 2019 and 2018, there was no single customer contributing over 10% of the Group's total revenue.

6. OTHER INCOME

	2019 *HK$'000*	2018 *HK$'000*
Bank interest income	**14**	37
Dividend income from FVTOCI/AFS investments	**118**	292
Net exchange gain	**–**	1,071
Gain on disposal of held-for-trading investments	**–**	42
Reversal of impairment losses of trade receivables	**–**	5
Administrative fee income	**–**	1,601
	132	3,048

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interests on secured bank borrowings	**5,886**	5,493

8. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**910**	1,672
Japanese corporate income tax	**89**	206
Japanese withholding tax	**1,939**	1,909
	2,938	3,787
Deferred taxation	**3,127**	1,903
	6,065	5,690

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the year ended 31 March 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other entities of the Group in Hong Kong which are not qualified for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. For the year ended 31 March 2018, Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

Under the Japan Corporate Income Tax Law, Japanese corporate income tax is calculated at 33.59% of the estimated assessable profits for the year ended 31 March 2019 (2018: 33.8%). However, regarding to the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for the years ended 31 March 2019 and 2018.

Japanese withholding tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for the years ended 31 March 2019 and 2018.

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

9. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff cost, excluding Directors' emoluments		
– Salaries, bonus and other benefits	**14,229**	10,910
– Contributions to retirement benefits scheme	**462**	376
– Reversal of provision for long service payment	**–**	(168)
Total staff costs excluding Directors' emoluments	**14,691**	11,118
Directors' remuneration	**7,458**	9,674
Auditors' remuneration	**980**	950
Depreciation of property, plant and equipment	**1,323**	1,318
Share based payments		
– Share options	**1,782**	3,719
– Share Awards (as defined below)	**319**	–
Impairment loss of trade receivables	**2,511**	-
Expenses related to the proposed transfer of listing of the Company's shares to the Main Board of the Stock Exchange (the "**Proposed Transfer**")	**2,030**	-
Net exchange loss	**375**	-
Operating lease paid for rented office premises	**241**	197
Write off of property, plant and equipment	**1**	-

10. DIVIDENDS

During the year ended 31 March 2019, final dividends of HK$1,600,000 (HK0.2 cent per share) and special dividends of HK$400,000 (HK0.05 cent per share) in respect of the year ended 31 March 2018 and interim dividends of HK$1,600,000 (HK0.2 cent per share) in respect of the year ended 31 March 2019 were declared and paid to the shareholders of the Company.

Subsequent to the end of the reporting period, final dividends of HK$1,600,000 (HK0.2 cent per share) and special dividends of HK$160,000 (HK0.02 cent per share) in respect of the year ended 31 March 2019 has been proposed by the Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

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

11. EARNINGS PER SHARE

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

Basic and diluted earnings per share:

	2019	2018
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to the owners of the Company)	**29,746**	26,295

Number of shares:

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**800,000**	800,000
Effect of dilutive potential ordinary shares: Share Awards (as defined below)	**3,090**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**803,090**	800,000

Diluted earnings per share are the same as basic earnings per share for the year ended 31 March 2018 as there were no dilutive potential ordinary shares during the year ended 31 March 2018.

12. SHARE AWARDS

On 25 June 2018, the Group has entered a deed of grant (the "**Deeds**") in relation to the award of shares of the Company to two employees of the Group ("**Share Awards**"). Such transactions have been approved in August 2018. 2,400,000 shares were awarded to each employee. According to the Deeds, 46.7% of the shares would be awarded after 31 December 2019; another 26.7% would be awarded after 31 December 2020; and the remaining shares would be awarded after 31 December 2021. The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. As such, the estimated fair values of the shares granted are approximately HK$1.7 million.

During the year ended 31 March 2019, shares based payment of approximately HK$0.3 million has been recognised in the consolidated statement of profit or loss and other comprehensive income. A total of 4,800,000 Share Awards remain outstanding and unvested as at 31 March 2019 (2018: N/A). Details are set out in a circular of the Company dated 20 July 2018 and announcements of the Company dated 25 and 26 June 2018.

13A. AVAILABLE-FOR-SALE INVESTMENTS

AFS investments comprise:

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

Note: The above unlisted equity investments represent investments in unlisted equity securities issued by private entity incorporated in Japan. They are measured at cost less impairment as at 31 March 2018 because the directors of the Company are of the opinion that their fair values cannot be measured reliably. The investments were reclassified to financial assets at FVTOCI upon adoption of HKFRS 9 on 1 April 2018.

13B. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2019	1 April 2018
	HK$'000	*HK$'000*
Equity instruments designated at FVTOCI		
– Listed	**3,800**	2,737
– Unlisted	**249**	193
Total	**4,049**	2,930

The above unlisted equity investment represent investment in unlisted equity securities issued by private entities incorporated in Japan. Investments in listed equity securities represent the Group's investment in companies listed in Hong Kong. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

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

	2019	2018
	HK$'000	*HK$'000*
– Within 30 days	**2,124**	3,914
– More than 30 but within 60 days	**1,567**	3
– More than 60 but within 90 days	**1,227**	30
– More than 90 but within 180 days	**526**	–
	5,444	3,947

b) The movement in the allowance for impairment of trade receivables is set out below.

	2019	2018
	HK$'000	*HK$'000*
Balance at the beginning of the year	**–**	5
Impairment loss recognised	**2,511**	–
Reversal of impairment losses	**–**	(5)
Balance at the end of the year	**2,511**	–

The Group was applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The ECL on trade receivables and lease receivables are estimated individually by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Considered certain receivables are default, lifetime ECL - credit impaired of approximately HK$2.5 million have been recognised for those debtors during the year ended 31 March 2019.

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

	2019	2018
	HK$'000	*HK$'000*
Deposits	**193**	192
Prepayments	**1,157**	1,404
Other receivables	**686**	780
	2,036	2,376

The ECL on other receivables are estimated individually by reference to past experience of default and their financial position and general economic condition of the industry at the reporting date. The internal credit rating of the other receivables are considered to be performing as at 31 March 2019 and 1 April 2018 as there has not been a significant change in the credit risk since initial recognition.

15. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**101**	116
Other payables	**12,767**	14,491
	12,868	14,607
Analysed for reporting purposes:		
Current portion	**10,758**	12,283
Non-current portion	**2,110**	2,324
	12,868	14,607

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

Contract liabilities of approximately HK$0.7 million include in other payable as at 1 April 2018 (31 March 2019: nil). The revenue recognised during the year ended 31 March 2019 that was included all in the contract liability as at 1 April 2018.

16. SHARE CAPITAL

	Number of ordinary shares	**Share capital**
		HK$'000
Ordinary share of HK$0.01 each		
Authorised at 31 March 2018 and 31 March 2019	5,000,000,000	50,000
Issued and fully paid at 31 March 2018 and 31 March 2019	800,000,000	8,000

17. RELATED PARTY TRANSACTIONS

(a) Transactions

Except disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2019 and 2018, the Group entered into the following transactions with related parties:

Name of the related party	Relationship	Nature of transactions	2019 HK$'000	2018 HK$'000
KK Tenyu Asset Management	Associate	Asset management fee paid	–	(166)
		Guarantee fee paid	–	(83)
Japan Residential Assets Manager Limited ("**JRAM SG**")	Associate	Administrative fee income received (included in other income)	–	1,601

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

(b) Compensation of key management personnel

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

	2019 ***HK$'000***	2018 *HK$'000*
Short-term benefits	**11,195**	12,061
Share based payments	**2,102**	3,719
Post-employment benefits	**114**	106
	13,411	15,886

The remuneration of the Directors and key management is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

18. CAPITAL COMMITMENTS

	2019 ***HK$'000***	2018 *HK$'000*
Capital expenditure in respect of construction of an investment property contracted for but not provided in the consolidated financial statements	**1,376**	602

OPERATION REVIEW AND FINANCIAL REVIEW

Review of operations

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

Corporate finance

The Group recorded corporate finance services revenue of approximately HK$40.9 million in FY2019, an increase of 12.1% over FY2018. A breakdown of the Group's corporate finance services revenue is as follows:

	For the year ended 31 March					
	2019			2018		
	Revenue	**% of corporate finance services revenue**	**Number of active engagements** *(Note)*	Revenue	% of corporate finance services revenue	Number of active engagements *(Note)*
	HK$'000			*HK$'000*		
Sponsorship	**30,138**	**74%**	**13**	24,955	68%	11
Financial advisory	**6,727**	**16%**	**39**	8,026	22%	55
Compliance advisory	**3,516**	**9%**	**8**	3,275	9%	8
Others	**504**	**1%**	**5**	220	1%	1
Total	**40,885**	**100%**		36,476	100%	

Note: Active engagements represent corporate finance engagements from which the Group had derived income during the relevant financial year. It excludes intra-group revenue received by Altus Capital Limited, a wholly-owned subsidiary of the Company, for acting as joint sponsors of the Company's Proposed Transfer during FY2019, as well as for acting as financial adviser to the Company.

Revenue derived from sponsorship engagements improved in FY2019 in line with the higher number of active engagements. Of the active sponsorship engagements in FY2019, Dragon Mining Limited (stock code: 1712) was listed in November 2018. The other active engagements were, amongst others, being vetted by regulators or were in preparation for submission of listing application during FY2019 as the engagements were mostly at the earlier heavy-lifting stages of the listing exercise. Some of the active engagements had lapsed or were discontinued during FY2019.

The higher revenue from sponsorship engagements were partially offset by the lower revenue derived from financial advisory engagements, which decreased by approximately 16.2% from FY2018 due to lower number of active engagements.

Revenue from compliance advisory engagements maintained relatively stable while the revenue from other services increased slightly in FY2019 due to higher number of active engagements, in particular, for acting as listing agent(s) for the offering of exchange traded funds during FY2019.

Property investment

As at 31 March 2019, the Group had a portfolio of 22 investment properties in Japan, one investment property under construction in Japan and one investment property in Hong Kong. This investment property portfolio contributed rental income of approximately HK$36.8 million in FY2019. In addition to the above, the Group also owned its principal place of business at 21 Wing Wo Street, Central, Hong Kong which is classified as property, plant and equipment. During FY2019, the Group had completed the construction of one investment property in Japan as elaborated below.

Japan

A summary of the investment properties in Japan as at 31 March 2019 are as follows:

	Property name	Location	Net rentable area (sq.ft.)	Number of units	Appraised value as at 31 March 2019 JPY million	Appraised value as at 31 March 2018 JPY million	Average occupancy in FY2019 (by revenue)
1.	Ark Palace Hiragishi	Sapporo	14,485	54	396	392	97%
2.	Kitano Machikado GH	Sapporo	1,572	8	47	29	100%
3.	LC One	Sapporo	6,582	26	139	123	98%
4.	Libress Hiragishi	Sapporo	11,554	36	184	176	100%
5.	Nouvelle 98	Sapporo	13,790	38	232	225	95%
6.	Rakuyukan 36	Sapporo	18,046	38	316	319	100%
7.	South 1 West 18 Building	Sapporo	15,529	37	272	263	93%
8.	T House	Sapporo	6,751	24	142	141	94%
9.	Tommy House Hiragishi	Sapporo	8,782	28	159	155	92%
10.	Uruoi Kawanone	Sapporo	15,930	65	656	643	92%
11.	White Building A & B	Sapporo	13,523	55	236	224	100%
12.	City Court Suginami	Hakodate	13,640	44	206	221	84%
13.	Azabu Sendaizaka Hills	Tokyo	12,046	7	1,410	1,380	99%
14.	Azabu Juban Crown Building	Tokyo	2,248	5	248	247	98%
15.	Residence Motoki	Fukuoka	11,992	12	288	280	100%
16.	Wealth Fujisaki	Fukuoka	7,390	10	173	176	99%
17.	Rise Shimodori EXE	Kumamoto	14,159	35	481	471	95%
18.	Rise Fujisakidai	Kumamoto	13,891	36	411	405	97%
19.	Rise Kumamoto Station South	Kumamoto	10,116	20	209	209	99%
20.	Rise Shimodori	Kumamoto	13,619	36	458	457	96%
21.	Kagoshima Tenmonkan Building	Kagoshima	6,541	1	548	534	100%
22.	Shinoro House *Note 1*	Sapporo	918	6	35	N/A	100%
23.	Kiyota 7-3 *Note 2*	Sapporo	750	6	11	N/A	N/A

Notes:

1. The piece of land on which Shinoro House was erected was acquired in November 2017. Construction completed in May 2018 and tenants have moved in from July 2018 onwards.

2. The piece of land on which Kiyota 7-3 is to be erected was acquired in March 2019. Construction is currently ongoing.

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

In November 2018, the Group acquired a approximately 2.2% shareholding interests in Smart Tact Property Investment Limited for approximately JPY17.6 million, increasing the Group's relevant shareholding interests to 90.0% following this acquisition.

Hong Kong

The investment property in Hong Kong is an office unit at Duddell Street, Central with saleable area of approximately 2,267 sq.ft.. It had been leased out throughout FY2019. This property's appraised value as at 31 March 2019 was HK$86.7 million.

Financial Review

Review of operating results

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

Revenue

The Group recorded revenue of HK$77.7 million in FY2019 compared with HK$71.0 million in FY2018, representing an increase of approximately 9.4%. Such increase was driven by higher revenue for both business segments where there was (i) a 6.6% increase in property investment revenue from HK$34.5 million in FY2018 to HK$36.8 million in FY2019; and (ii) a 12.1% increase in corporate finance services revenue from HK$36.5 million in FY2018 to HK$40.9 million in FY2019.

Corporate finance

The increase in revenue of corporate finance services by 12.1% was mainly attributable to an increase in sponsorship revenue from HK$25.0 million in FY2018 to HK$30.1 million in FY2019 due to (i) higher number of active engagements during FY2019 of 13 compared with 11 in FY2018; and (ii) achievement of more billing milestones for these engagements as they were at the earlier heavy-lifting stages of the listing exercise.

The effects of the above were partially offset by lower revenue for financial advisory services. Lower revenue for financial advisory services was partly attributable to a lower number of active financial advisory engagements during FY2019.

Property investment

The higher revenue from property investment in FY2019 was mainly attributable to (i) full year of rental contribution from Kagoshima Tenmonkan Building during FY2019 compared to the rental contribution of only six months in FY2018 and (ii) an increase in occupancy rate of Uruoi Kawanone from 76.7% during FY2018 to 91.6% during FY2019. Overall, the occupancy rate for properties in Japan improved during FY2019 to approximately 96.7% compared with 94.8% during FY2018.

Meanwhile, the occupancy rate for the property in Hong Kong achieved 100.0% during FY2019 compared with 93.2% during FY2018 due to the vacancy for a short period in June 2017 when there was a change in tenant.

Other income

Other income in FY2019 decreased to HK$0.1 million from HK$3.0 million in FY2018 due to (i) the absence of administrative fee income from JRAM SG which had ceased in October 2017 during FY2018; (ii) a decrease in dividend income from AFS investments; and (iii) the absence of any exchange gain in FY2019 (FY2018: HK$1.1 million).

Net increase in fair value of investment properties

The Group recorded a net increase in fair value of investment properties of HK$19.4 million in FY2019 (FY2018: HK$12.7 million). In particular, approximately HK$13.2 million fair value increase was recorded for our Hong Kong investment property at Duddell Street, Central; and in Japan, the increase in fair value of properties was contributed mainly by Azabu Sendaizaka Hills, LC One, Uruoi Kawanone, and White Building A & B which increased in fair value in aggregate by approximately HK$4.6 million.

Administrative and operating expenses

Administrative and operating expenses increased from HK$36.5 million in FY2018 to HK$42.3 million in FY2019. Such increase was due to (i) non-recurring expenses relating to the Proposed Transfer of approximately HK$2.0 million recorded during FY2019 (FY2018: nil); and (ii) the impairment loss of account receivables of approximately HK$2.5 million recorded during FY2019 (FY2018: nil). Such impairment loss was attributable to expected credit losses from sponsorship services income as evaluated by the management of the Group for certain engagements that had lapsed during FY2019.

Profit before tax/Profit after tax

The Group's profit before tax increased to HK$36.8 million in FY2019 from HK$32.6 million in FY2018.

The increase in profitability was mainly attributable to the higher level of revenue recorded and net increase in fair value of investment properties in FY2019, which was partially offset by (i) the non-recurring expenses relating to the Proposed Transfer, (ii) higher interest expenses, and (iii) the impairment loss of account receivables.

Liquidity, financial resources and capital structure

The Group's operations are mainly financed by shareholders' equity (including equity raised pursuant to the listing of the shares of the Company on GEM of the Stock Exchange on 17 October 2016 (the "**Listing**")), bank loans and cash generated from operations.

	As at 31 March 2019 *HK$'000*	As at 31 March 2018 *HK$'000*
Current assets	**46,640**	57,870
Current liabilities	**70,007**	91,058
Current ratio (times)[(note 1)]	**0.7**	0.6
Gearing ratio (%)[(note 2)]	**41.0**	46.9

Notes:

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

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

The Group had net current liabilities of approximately HK$23.4 million as at 31 March 2019 and HK$33.2 million as at 31 March 2018 respectively. The improvement was mainly due to the repayment of the short-term secured bank borrowings in Hong Kong by utilising the proceeds from the long-term secured bank borrowings in Japan.

The bank borrowings with repayment on demand clause, including bank borrowings of HK$20.0 million as at 31 March 2019 (31 March 2018: HK$20.0 million) which are not repayable within one year from the end of reporting period according to repayment schedule, were classified as current liabilities. This classification of such type of bank borrowings above is necessitated by the Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment Demand Clause.

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

Gearing ratio as at 31 March 2019 was 41.0% compared to 46.9% as at 31 March 2018. The lower gearing ratio was due to (i) a decrease in total interest bearing loans of the Group from HK$212.1 million as at 31 March 2018 to HK$189.8 million as at 31 March 2019, as well as (ii) an increase in the value of investment properties of the Group from HK$597.7 million as at 31 March 2018 to HK$600.4 million as at 31 March 2019 that improved total equity of the Group.

Cash balance

As at 31 March 2019, the Group had cash and bank balances amounted to HK$38.3 million (31 March 2018: HK$51.1 million) of which HK$33.9 million was held in JPY deposited in licenced banks in Hong Kong and Japan. Cash and bank balances were lower due to their deployment towards property acquisitions and repayment of revolving loans in FY2019.

Foreign exchange and interest rate exposures

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

To mitigate risks associated with fluctuations of interest rates for some of the loans in Japan with variable interest rates, the Group had entered into derivative financial instruments as a means to effectively fix the interest rate. As at 31 March 2019, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK$46.4 million (31 March 2018: HK$34.2 million).

Bank borrowings

Total interest bearing loans of the Group decreased from HK$212.1 million as at 31 March 2018 to HK$189.8 million as at 31 March 2019. These loans carry fixed and variable interest rates ranging from 1.11% to 4.82% per annum.

As at 31 March 2019, approximately HK$46.0 million (31 March 2018: HK$72.8 million) of the Group's interest bearing loans had variable interest rates. The interest coverage ratio as at 31 March 2019 was 7.2 times (31 March 2018: 4.5 times).

Charges on the Group's assets

As at 31 March 2019, (i) both the properties in Hong Kong; and (ii) all the properties in Japan (save for Kitano Machikado GH, Rakuyukan 36, Shinoro House and Kiyota 7-3), had been charged in favour of banks and financial institutions in Hong Kong and Japan for loans obtained from these banks and financial institutions.

Capital commitments/Contingent liabilities

As at 31 March 2019, the Group had capital commitments in respect of the construction of its investment property, being Kiyota 7-3, that had been contracted for but not provided for in the consolidated financial statements, of approximately HK$1.4 million.

Save as disclosed above, the Group did not have any significant contingent liabilities as at 31 March 2019.

RECENT DEVELOPMENT

Proposed Transfer

The Company is currently weighing the costs and benefits of the Proposed Transfer in view of the prolonged time it has taken. Further announcement(s) will be continuing to purpose 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 FY2019 driven by higher revenue for both business segments in particular the increase in revenue from sponsorship engagements, the Directors has observed that the Hong Kong stock market (including the IPO market) has turned sluggish amidst the ongoing Sino-US trade dispute and the increasing geo-political challenges. The Directors foresee that global business environment and the Hong Kong stock market will continue to be volatile. This may affect the financial performance of potential listing candidates, and achieving the desired market valuation of listing candidates will be challenging. In the midst of these, the progress of some of the Group's sponsorship engagements have been affected, and going forward, they will cause uncertainties to the achievement of billing milestones and the Group's ability to secure new engagements. The Group's revenue from corporate finance services will in turn be adversely affected in the coming months of the calendar year 2019.

In view of the current stock market and economic condition, in particular the outlook of the Hong Kong IPO market, the Directors will continue to strive to seek more financial advisory and independent financial advisory engagements to balance its revenue from sponsorships going forward. The Group also strives to strengthen its marketing initiatives and recruitment to maintain its competitiveness in the industry, taking the lead in strengthening the team to be ready for upcoming market opportunities.

Property investment

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

The Group's strategy for its property investment business is to retain and enhance recurring income stream via expansion and diversification of its property portfolio. The Directors will also continue to look out for appropriate investment opportunities, in line with the development strategy of the Group of providing group home and nursing home in Japan. The Directors expect revenue from the Group's investment property portfolio to remain stable in the coming financial year.

DIVIDENDS

The Board now recommends a final dividend of Hong Kong 0.2 cent (2018: Hong Kong 0.2 cent) per share and a special dividend of Hong Kong 0.02 cent (2018: Hong Kong 0.05 cent) per share of the Company for the year ended 31 March 2019. The special dividend is recommended having considered the satisfactory performance of the corporate finance business in the past year while also considering the volatile outlook of the market going forward. The proposed final dividend and special dividend, if approved at the forthcoming annual general meeting of the Company ("**AGM**"), will be payable on Friday, 27 September 2019 to the shareholders of the Company ("**Shareholders**") whose names appear on the register of members of the Company on Thursday, 5 September 2019. Shares of the Company will be traded ex-dividend as from Wednesday, 28 August 2019.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM will be held at 9:30 a.m. on Thursday, 8 August 2019. The register of members of the Company will be closed from Friday, 2 August 2019 to Thursday, 8 August 2019 (the "**Closure Period**"), both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM. During this Closure Period, no transfer of the Company's shares will be registered. In order to qualify for attending and voting at the AGM, all transfers, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong*, for registration no later than 4:30 p.m. on Thursday, 1 August 2019.

* Tricor Investor Services Limited will relocate to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong on 11 July 2019.

The register of members of the Company will also be closed from Friday, 30 August 2019 to Thursday, 5 September 2019, both days inclusive, during which period no transfer of shares will be registered. Subject to the approval by the Shareholders of the proposed final dividend and special dividend at the AGM, the final dividend and special dividend will be paid on Friday, 27 September 2019 to the Shareholders whose names appear on the register of members of the Company on Thursday, 5 September 2019. For the entitlement to the proposed final dividend and special dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong*, no later than 4:30 p.m. on Thursday, 29 August 2019.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As set out in the paragraph headed "Business strategies" under the section headed "Business" in the prospectus of the Company dated 30 September 2016, the Group's business objectives and strategies are, amongst others, (i) to grow the Group's existing corporate finance activities through enhancing human resources as well as broadening the scope of corporate finance services; (ii) to enhance the Group's recurring income stream by diversifying into different types of properties and geographical locations; and (iii) to retain our recurring income by reducing financing costs.

In respect of item (i) above, the Group has since the Listing continue to recruit suitable candidates for its corporate finance activities.

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had 31 staff (31 March 2018: 28). The Group's remuneration policy takes into consideration the relevant Director's or member of senior management's duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, our Group's profit as a whole and comparable market levels. Apart from salary payments, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

* Tricor Investor Services Limited will relocate to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong on 11 July 2019.

CORPORATE GOVERNANCE PRACTICES

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

To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code during the year ended 31 March 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2019.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

Following specific enquiries to all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings during the year ended 31 March 2019.

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2019.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial information has been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity, and the related notes thereto for the year ended 31 March 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA LIMITED, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING (HK) CPA LIMITED on this preliminary announcement.

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

Hong Kong, 21 June 2019

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

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